SIXTY-FIFTH DAY

St. Paul, Minnesota, Monday, May 22, 1995

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Marilyn Saure Breckenridge.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Solon
Bertram	Johnson, D.J.	Lessard	Pappas	Spear
Betzold	Johnson, J.B.	Limmer	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Stumpf
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MOTIONS AND RESOLUTIONS

S.F. No. 399 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 399

A bill for an act relating to recreational vehicles; driving while intoxicated; providing for forfeiture of snowmobiles, all-terrain vehicles, and motorboats for designated, DWI-related offenses; extending vehicle forfeiture law by expanding the definition of prior conviction to include other types of vehicles; amending Minnesota Statutes 1994, sections 84.83, subdivision 2; 84.927, subdivision 1; 169.1217, subdivision 1; and 171.30, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 84; and 86B.

May 18, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 399, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 399 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 84.83, subdivision 2, is amended to read:

Subd. 2. [MONEY DEPOSITED IN THE ACCOUNT.] Fees from the registration of snowmobiles and the unrefunded gasoline tax attributable to snowmobile use pursuant to section 296.16, as well as the net proceeds from the sale of snowmobiles forfeited pursuant to section 84.912, shall be deposited in the state treasury and credited to the snowmobile trails and enforcement account.

Sec. 2. Minnesota Statutes 1994, section 84.83, is amended by adding a subdivision to read:

Subd. 5. [FINES AND FORFEITED BAIL.] The disposition of fines and forfeited bail collected from prosecutions of violations of sections 84.81 to 84.91 are governed by section 97A.065.

Sec. 3. Minnesota Statutes 1994, section 84.91, subdivision 5, is amended to read:

Subd. 5. [PENALTIES.] (a) A person who violates any prohibition contained in subdivision 1, or an ordinance in conformity with it, is guilty of a misdemeanor.

(b) A person is guilty of a gross misdemeanor who violates any prohibition contained in subdivision 1:

(1) within five years of a prior:

(i) impaired driving conviction ~~under subdivision 1, sections 86B.331, subdivision 1, 169.121, 169.129, or 609.21, subdivision 1, clauses (2) to (4), 2, clauses (2) to (4), 3, clauses (2) to (4), or 4, clauses (2) to (4)~~, as defined in section 169.121, subdivision 3, paragraph (a), clause (1);

(ii) civil liability under section 84.911, subdivision 2, or 86B.335, subdivision 2; or

(iii) conviction under an ordinance of this state or a statute or ordinance from another state in conformity with any of them; or

(2) within ten years of the first of two or more prior:

(i) impaired driving convictions ~~under subdivision 1, sections 86B.331, subdivision 1, 169.121, 169.129, or 609.21, subdivision 1, clauses (2) to (4), 2, clauses (2) to (4), 3, clauses (2) to (4), or 4, clauses (2) to (4)~~, as defined in section 169.121, subdivision 3, paragraph (a), clause (1);

(ii) civil liabilities under section 84.911, subdivision 2, or 86B.335, subdivision 2;

(iii) convictions of ordinances in conformity with any of them; or

(iv) convictions or liabilities under any combination of items (i) to (iii).

(c) The attorney in the jurisdiction where the violation occurred who is responsible for prosecuting misdemeanor violations of this section is also responsible for prosecuting gross misdemeanor violations of this section. When an attorney responsible for prosecuting gross misdemeanors under this section requests criminal history information relating to prior convictions from a court, the court must furnish the information without charge.

(d) A person who operates a snowmobile or all-terrain vehicle during the period the person is prohibited from operating the vehicle under subdivision 6 is guilty of a misdemeanor.

Sec. 4. [84.912] [FORFEITURE OF SNOWMOBILES AND ALL-TERRAIN VEHICLES.]

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meanings given them:

(a) "All-terrain vehicle" has the meaning given in section 84.92, subdivision 8.

(b) "Appropriate agency" means a law enforcement agency that has the authority to make an arrest for a violation of a designated offense.

(c) "Designated offense" means a violation of section 84.91 or an ordinance in conformity with it:

(1) occurring within five years of the first of three prior impaired driving convictions or the first of three prior license revocations based on separate impaired driving incidents;

(2) occurring within 15 years of the first of four or more prior impaired driving convictions or the first of four or more prior license revocations based on separate impaired driving incidents;

(3) by a person whose driver's license or driving privileges have been canceled under section 171.04, subdivision 1, clause (8); or

(4) by a person who is subject to a restriction on the person's driver's license under section 171.09 that provides that the person may not use or consume any amount of alcohol or a controlled substance.

(d) "Owner" means the registered owner of the snowmobile or all-terrain vehicle according to records of the department of natural resources and includes a lessee of a snowmobile or all-terrain vehicle if the lease agreement has a term of 180 days or more.

(e) "Prior impaired driving conviction" has the meaning given in section 169.121, subdivision 3.

(f) "Prior license revocation" has the meaning given in section 169.121, subdivision 3.

(g) "Prosecuting authority" means the attorney in the jurisdiction in which the designated offense occurred who is responsible for prosecuting violations of a designated offense.

(h) "Snowmobile" has the meaning given in section 84.81, subdivision 3.

(i) "Vehicle" means a snowmobile or an all-terrain vehicle.

Subd. 2. [SEIZURE.] (a) A vehicle subject to forfeiture under this section may be seized by the appropriate agency upon process issued by any court having jurisdiction over the vehicle.

(b) Property may be seized without process if:

(1) the seizure is incident to a lawful arrest or a lawful search;

(2) the vehicle subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding under this section; or

(3) the appropriate agency has probable cause to believe that the delay occasioned by the necessity to obtain process would result in the removal or destruction of the vehicle.

(c) If property is seized without process under paragraph (b), clause (3), the prosecuting authority must institute a forfeiture action under this section as soon as is reasonably possible.

Subd. 3. [RIGHT TO POSSESSION; CUSTODY.] All right, title, and interest in a vehicle subject to forfeiture under this section vests in the appropriate agency upon commission of the designated offense giving rise to the forfeiture. A vehicle seized under this section is not subject to replevin, but is deemed to be in the custody of the appropriate agency subject to the orders and

decrees of the court having jurisdiction over the forfeiture proceedings. When the vehicle is seized, the appropriate agency may:

(1) place the vehicle under seal;

(2) remove the vehicle to a place designated by it;

(3) place a disabling device on the vehicle; and

(4) take other steps reasonable and necessary to secure the vehicle and prevent waste.

Subd. 4. [BOND BY OWNER FOR POSSESSION.] If the owner of a vehicle that has been seized under this section seeks possession of the vehicle before the forfeiture action is determined, the owner may, subject to the approval of the appropriate agency, give security or post bond payable to the appropriate agency in an amount equal to the retail value of the seized vehicle. On posting the security or bond, the seized vehicle may be returned to the owner only if a disabling device is attached to the vehicle. The forfeiture action shall proceed against the security as if it were the seized vehicle.

Subd. 5. [EVIDENCE.] Certified copies of driver's license records concerning prior license revocations are admissible as substantive evidence when necessary to prove the commission of a designated offense.

Subd. 6. [FORFEITURE FOR COMMITTING DESIGNATED OFFENSE.] A vehicle is subject to forfeiture under this section if it was used in the commission of a designated offense.

Subd. 7. [LIMITATIONS ON FORFEITURE.] (a) A vehicle is subject to forfeiture under this section only if the driver is convicted of the designated offense upon which the forfeiture is based.

(b) A vehicle encumbered by a bona fide security interest, or subject to a lease that has a term of 180 days or more, is subject to the interest of the secured party or lessor unless the party or lessor had knowledge of or consented to the act upon which the forfeiture is based.

(c) Notwithstanding paragraph (b), the secured party's or lessor's interest in a vehicle is not subject to forfeiture based solely on the secured party's or lessor's knowledge of the act or omission upon which the forfeiture is based if the secured party or lessor took reasonable steps to terminate use of the vehicle by the offender.

(d) A vehicle is subject to forfeiture under this section only if the owner was privy to the act or omission upon which the forfeiture is based, or the act or omission occurred with the owner's knowledge or consent.

(e) A vehicle subject to a security interest, based upon a loan or other financing arranged by a financial institution, is subject to the interest of the financial institution.

Subd. 8. [FORFEITURE PROCEDURE.] (a) A vehicle used to commit a designated offense is subject to forfeiture under this subdivision.

(b) A separate complaint must be filed against the vehicle, describing it, and specifying that it was used in the commission of a designated offense and specifying the time and place of its unlawful use. If the person charged with a designated offense is not convicted of the offense, the court shall dismiss the complaint against the vehicle and order the property returned to the person legally entitled to it. If the lawful ownership of the vehicle used in the commission of a designated offense can be determined and it is found the owner was not privy to commission of a designated offense, the vehicle must be returned immediately.

Subd. 9. [DISPOSITION OF FORFEITED VEHICLES; PROCEEDS ALLOCATED.] (a) On finding under subdivision 8 that the vehicle is subject to forfeiture, the court shall order the appropriate agency to:

(1) sell the vehicle and distribute the proceeds under paragraph (b); or

(2) keep the vehicle for official use.

(b) The proceeds from the sale of forfeited vehicles, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property, must be forwarded to the treasury of the political subdivision that employs the appropriate agency responsible for the forfeiture for use in DWI-related enforcement, training, and education. If the appropriate agency making the arrest leading to the forfeiture is an agency of state government, the net proceeds must be deposited in the state treasury and credited to the snowmobile trails and enforcement account in the natural resources fund created in section 84.83, subdivision 1, if the vehicle was a snowmobile, or to the all-terrain vehicle account in the natural resources fund under section 84.927, subdivision 1.

Subd. 10. [REPORTING REQUIREMENT.] The appropriate agency shall provide to the state auditor, on an annual basis and in a manner prescribed by the state auditor, a written record of each forfeiture incident. The record must include a brief description of the vehicle forfeited, its estimated market value, the actual or estimated amount of net proceeds from the sale of the vehicle, the dates of the incident and the forfeiture, and a brief description of the circumstances of the impaired driving incident giving rise to the forfeiture. The state auditor shall report annually to the legislature on the nature and extent of forfeitures pursuant to this section.

Sec. 5. Minnesota Statutes 1994, section 84.927, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REVENUE.] Fees from the registration of all-terrain vehicles and the unrefunded gasoline tax attributable to all-terrain vehicle use under section 296.16, as well as the net proceeds from the sale of all-terrain vehicles forfeited pursuant to section 84.912, shall be deposited in the state treasury and credited to the all-terrain vehicle account in the natural resources fund.

Sec. 6. Minnesota Statutes 1994, section 86B.331, subdivision 5, is amended to read:

Subd. 5. [PENALTIES.] (a) A person who violates a prohibition contained in subdivision 1, or an ordinance in conformity with it, is guilty of a misdemeanor.

(b) A person is guilty of a gross misdemeanor who violates a prohibition contained in subdivision 1:

(1) within five years of a prior:

(i) impaired driving conviction ~~under subdivision 1, sections 84.91, subdivision 1, 169.121, 169.129, or 609.21, subdivision 1, clauses (2) to (4), 2, clauses (2) to (4), 3, clauses (2) to (4), or 4, clauses (2) to (4)~~, as defined in section 169.121, subdivision 3, paragraph (a), clause (1);

(ii) civil liability under section 84.911, subdivision 2, or 86B.335, subdivision 2; or

(iii) conviction under an ordinance of this state or a statute or ordinance from another state in conformity with any of them; or

(2) within ten years of the first of two or more prior:

(i) impaired driving convictions ~~under subdivision 1, sections 84.91, subdivision 1, 169.121, 169.129, or 609.21, subdivision 1, clauses (2) to (4), 2, clauses (2) to (4), 3, clauses (2) to (4), or 4, clauses (2) to (4)~~, as defined in section 169.121, subdivision 3, paragraph (a), clause (1);

(ii) civil liabilities under section 84.911, subdivision 2, or 86B.335, subdivision 2;

(iii) convictions of ordinances in conformity with any of them; or

(iv) convictions or liabilities under any combination of items (i) to (iii).

(c) The attorney in the jurisdiction where the violation occurred who is responsible for prosecution of misdemeanor violations of this section is also responsible for prosecution of gross misdemeanor violations of this section. When an attorney responsible for prosecuting gross misdemeanors under this section requests criminal history information relating to prior convictions from a court, the court must furnish the information without charge.

(d) A person who operates a motorboat on the waters of this state during the period the person

is prohibited from operating any motorboat or after the person's watercraft operator's permit has been revoked, as provided under subdivision 6, is guilty of a misdemeanor.

Sec. 7. [86B.337] [FORFEITURE OF MOTORBOATS.]

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meanings given them:

(a) "Appropriate agency" means a law enforcement agency that has the authority to make an arrest for a violation of a designated offense.

(b) "Designated offense" means a violation of section 86B.331 or an ordinance in conformity with it:

(1) occurring within five years of the first of three prior impaired driving convictions or the first of three prior license revocations based on separate impaired driving incidents;

(2) occurring within 15 years of the first of four or more prior impaired driving convictions or the first of four or more prior license revocations based on separate impaired driving incidents;

(3) by a person whose driver's license or driving privileges have been canceled under section 171.04, subdivision 1, clause (8); or

(4) by a person who is subject to a restriction on the person's driver's license under section 171.09 that provides that the person may not use or consume any amount of alcohol or a controlled substance.

(c) "Motorboat" has the meaning given in section 86B.005, subdivision 9.

(d) "Owner" means the registered owner of the motorboat according to records of the department of natural resources and includes a lessee of a motorboat if the lease agreement has a term of 180 days or more.

(e) "Prior impaired driving conviction" has the meaning given in section 169.121, subdivision 3.

(f) "Prior license revocation" has the meaning given in section 169.121, subdivision 3.

(g) "Prosecuting authority" means the attorney in the jurisdiction in which the designated offense occurred who is responsible for prosecuting violations of a designated offense.

Subd. 2. [SEIZURE.] (a) A motorboat subject to forfeiture under this section may be seized by the appropriate agency upon process issued by any court having jurisdiction over the motorboat.

(b) Property may be seized without process if:

(1) the seizure is incident to a lawful arrest or a lawful search;

(2) the motorboat subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding under this section; or

(3) the appropriate agency has probable cause to believe that the delay occasioned by the necessity to obtain process would result in the removal or destruction of the motorboat.

(c) If property is seized without process under paragraph (b), clause (3), the prosecuting authority must institute a forfeiture action under this section as soon as is reasonably possible.

Subd. 3. [RIGHT TO POSSESSION; CUSTODY.] All right, title, and interest in a motorboat subject to forfeiture under this section vests in the appropriate agency upon commission of the designated offense giving rise to the forfeiture. A motorboat seized under this section is not subject to replevin, but is deemed to be in the custody of the appropriate agency subject to the orders and decrees of the court having jurisdiction over the forfeiture proceedings. When the motorboat is seized, the appropriate agency may:

(1) place the motorboat under seal;

(2) remove the motorboat to a place designated by it;

(3) place a disabling device on the motorboat; and

(4) take other steps reasonable and necessary to secure the motorboat and prevent waste.

Subd. 4. [BOND BY OWNER FOR POSSESSION.] If the owner of a motorboat that has been seized under this section seeks possession of the motorboat before the forfeiture action is determined, the owner may, subject to the approval of the appropriate agency, give security or post bond payable to the appropriate agency in an amount equal to the retail value of the seized motorboat. On posting the security or bond, the seized motorboat may be returned to the owner only if a disabling device is attached to the motorboat. The forfeiture action shall proceed against the security as if it were the seized motorboat.

Subd. 5. [EVIDENCE.] Certified copies of driver's license records concerning prior license revocations are admissible as substantive evidence when necessary to prove the commission of a designated offense.

Subd. 6. [FORFEITURE FOR COMMITTING DESIGNATED OFFENSE.] A motorboat is subject to forfeiture under this section if it was used in the commission of a designated offense.

Subd. 7. [LIMITATIONS ON FORFEITURE.] (a) A motorboat is subject to forfeiture under this section only if the driver is convicted of the designated offense upon which the forfeiture is based.

(b) A motorboat encumbered by a bona fide security interest, or subject to a lease that has a term of 180 days or more, is subject to the interest of the secured party or lessor unless the party or lessor had knowledge of or consented to the act upon which the forfeiture is based.

(c) Notwithstanding paragraph (b), the secured party's or lessor's interest in a motorboat is not subject to forfeiture based solely on the secured party's or lessor's knowledge of the act or omission upon which the forfeiture is based if the secured party or lessor took reasonable steps to terminate use of the motorboat by the offender.

(d) A motorboat is subject to forfeiture under this section only if the owner was privy to the act or omission upon which the forfeiture is based, or the act or omission occurred with the owner's knowledge or consent.

(e) A motorboat subject to a security interest, based upon a loan or other financing arranged by a financial institution, is subject to the interest of the financial institution.

Subd. 8. [FORFEITURE PROCEDURE.] (a) A motorboat used to commit a designated offense is subject to forfeiture under this subdivision.

(b) A separate complaint must be filed against the motorboat, describing it, and specifying that it was used in the commission of a designated offense and specifying the time and place of its unlawful use. If the person charged with a designated offense is not convicted of the offense, the court shall dismiss the complaint against the motorboat and order the property returned to the person legally entitled to it. If the lawful ownership of the motorboat used in the commission of a designated offense can be determined and it is found the owner was not privy to commission of a designated offense, the motorboat must be returned immediately.

Subd. 9. [DISPOSITION OF FORFEITED MOTORBOATS; PROCEEDS ALLOCATED.] (a) On finding under subdivision 8 that the motorboat is subject to forfeiture, the court shall order the appropriate agency to:

(1) sell the motorboat and distribute the proceeds under paragraph (b); or

(2) keep the motorboat for official use.

(b) The proceeds from the sale of forfeited motorboats, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property, must be forwarded to the treasury of the political subdivision that employs the appropriate agency

responsible for the forfeiture for use in DWI-related enforcement, training, and education. If the appropriate agency making the arrest leading to the forfeiture is an agency of state government, the net proceeds must be deposited in the state treasury and credited to the water recreation account in the natural resources fund.

Subd. 10. [REPORTING REQUIREMENT.] The appropriate agency shall provide to the state auditor, on an annual basis and in a manner prescribed by the state auditor, a written record of each forfeiture incident. The record must include a brief description of the vehicle forfeited, its estimated market value, the actual or estimated amount of net proceeds from the sale of the vehicle, the dates of the incident and the forfeiture, and a brief description of the circumstances of the impaired driving incident giving rise to the forfeiture. The state auditor shall report annually to the legislature on the nature and extent of forfeitures pursuant to this section.

Sec. 8. Minnesota Statutes 1994, section 169.1217, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meanings given them:

(a) "Appropriate ~~authority~~ agency" means a law enforcement agency that has the authority to make an arrest for a violation of a designated offense.

(b) "Designated offense" includes a violation of section 169.121, an ordinance in conformity with it, or 169.129:

(1) within five years of three prior impaired driving ~~under the influence~~ convictions or three prior license revocations based on separate incidents;

(2) within 15 years of the first of four or more prior impaired driving ~~under the influence~~ convictions or the first of four or more prior license revocations based on separate incidents;

(3) by a person whose driver's license or driving privileges have been canceled under section 171.04, subdivision 1, clause (8); or

(4) by a person who is subject to a restriction on the person's driver's license under section 171.09 which provides that the person may not use or consume any amount of alcohol or a controlled substance.

"Designated offense" also includes a violation of section 169.121, subdivision 3, paragraph (c), clause (4):

(1) within five years of two prior impaired driving ~~under the influence~~ convictions or two prior license revocations based on separate incidents; or

(2) within 15 years of the first of three or more prior impaired driving ~~under the influence~~ convictions or the first of three or more prior license revocations based on separate incidents.

(c) "Motor vehicle" and "vehicle" have the meaning given "motor vehicle" in section 169.121, subdivision 11. The terms do not include a vehicle which is stolen or taken in violation of the law.

(d) "Owner" means the registered owner of the motor vehicle according to records of the department of public safety and includes a lessee of a motor vehicle if the lease agreement has a term of 180 days or more.

(e) "Prior impaired driving ~~under the influence~~ conviction" ~~means a prior conviction under section 169.121; 169.129; or 609.21, subdivision 1, clauses (2) to (4); 2, clauses (2) to (4); 2a, clauses (2) to (4); 3, clauses (2) to (4); or 4, clauses (2) to (4); or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them~~ has the meaning given it in section 169.121, subdivision 3. A prior impaired driving ~~under the influence~~ conviction also includes a prior juvenile adjudication that would have been a prior impaired driving ~~under the influence~~ conviction if committed by an adult.

(f) "Prior license revocation" has the meaning given it in section 169.121, subdivision 3.

(g) "Prosecuting authority" means the attorney in the jurisdiction in which the designated offense occurred who is responsible for prosecuting violations of a designated offense.

Sec. 9. Minnesota Statutes 1994, section 169.1217, subdivision 7, is amended to read:

Subd. 7. [LIMITATIONS ON FORFEITURE OF MOTOR VEHICLES.] (a) A vehicle is subject to forfeiture under this section only if the driver is convicted of the designated offense upon which the forfeiture is based.

(b) A vehicle encumbered by a bona fide security interest, or subject to a lease that has a term of 180 days or more, is subject to the interest of the secured party or lessor unless the party or lessor had knowledge of or consented to the act upon which the forfeiture is based.

(c) Notwithstanding paragraph (b), the secured party's or lessor's interest in a vehicle is not subject to forfeiture based solely on the secured party's or lessor's knowledge of the act or omission upon which the forfeiture is based if the secured party or lessor took reasonable steps to terminate use of the vehicle by the offender.

(d) A motor vehicle is subject to forfeiture under this section only if its owner knew or should have known of the unlawful use or intended use.

(e) A vehicle subject to a security interest, based upon a loan or other financing arranged by a financial institution, is subject to the interest of the financial institution.

Sec. 10. Minnesota Statutes 1994, section 171.30, subdivision 3, is amended to read:

Subd. 3. [CONDITIONS ON ISSUANCE.] The commissioner shall issue a limited license restricted to the vehicles whose operation is permitted only under a Class A, Class B, or Class CC license whenever a Class A, Class B, or Class CC license has been suspended under section 171.18, or revoked under section 171.17, for violation of the highway traffic regulation act committed in a private passenger motor vehicle. This subdivision shall not apply to any persons described in section 171.04, subdivision 1, clauses (4), (5), (6), (8), (9), and (11), or any person whose license or privilege has been suspended or revoked for a violation of section 169.121 or 169.123, or a statute or ordinance from another state in conformity with either of those sections.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 8, and 10 are effective August 1, 1995, and apply to designated offenses committed on or after that date."

Delete the title and insert:

"A bill for an act relating to motor vehicles; driving while intoxicated; providing for forfeiture of snowmobiles, all-terrain vehicles, and motorboats for designated, DWI-related offenses; extending vehicle forfeiture law by expanding the definition of prior conviction to include other types of vehicles; restricting issuance of limited driver's license; imposing penalties; amending Minnesota Statutes 1994, sections 84.83, subdivision 2, and by adding a subdivision; 84.91, subdivision 5; 84.927, subdivision 1; 86B.331, subdivision 5; 169.1217, subdivisions 1 and 7; and 171.30, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 84; and 86B."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) David L. Knutson, John Marty, Gene Merriam

House Conferees: (Signed) Tom Van Engen, Mary Jo McGuire, Darlene Luther

Mr. Knutson moved that the foregoing recommendations and Conference Committee Report on S.F. No. 399 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 399 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 51 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Olson	Samuelson
Beckman	Hottinger	Laidig	Ourada	Scheevel
Belanger	Johnson, D.E.	Langseth	Pappas	Solon
Berg	Johnson, J.B.	Larson	Pariseau	Spear
Bertram	Johnston	Lesewski	Piper	Stevens
Betzold	Kelly	Lessard	Pogemiller	Stumpf
Chandler	Kiscaden	Limmer	Price	Terwilliger
Cohen	Kleis	Marty	Ranum	
Day	Knutson	Moe, R.D.	Riveness	
Dille	Kramer	Morse	Runbeck	
Flynn	Krentz	Oliver	Sams	

Those who voted in the negative were:

Finn	Janezich	Robertson	Vickerman	Wiener
Hanson	Murphy			

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the adoption by the House of the following Senate Concurrent Resolution, herewith returned:

Senate Concurrent Resolution No. 5: A Senate concurrent resolution expressing support for the recommendations of the Rainy Lake/Namakan Reservoir Water Level International Steering Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 365, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 365 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1995

CONFERENCE COMMITTEE REPORT ON H.F. NO. 365

A bill for an act relating to insurance; no-fault auto; regulating priorities of coverage for taxis; amending Minnesota Statutes 1994, section 65B.47, subdivision 1a.

May 18, 1995

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 365, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 365 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 65B.47, subdivision 1a, is amended to read:

Subd. 1a. [EXEMPTIONS.] Subdivision 1 does not apply to:

(1) a commuter van;

(2) a vehicle being used to transport children as part of a family or group family day care program;

(3) a vehicle being used to transport children to school or to a school-sponsored activity; ~~or~~

(4) a bus while it is in operation within the state of Minnesota as to any Minnesota resident who is an insured as defined in section 65B.43, subdivision 5;

(5) a passenger in a taxi; or

(6) a taxi driver.

Sec. 2. [REVIEW; REPORT.]

The commissioner of commerce shall review the impact that changes provided in this act may have on increasing the cost of individual policies of automobile insurance; decreasing the cost of coverage carried by owners of vehicles used as taxis; what percentage of taxi drivers carry workers' compensation coverage; the distribution of injuries between taxi drivers and passengers in taxis on an annual basis; the likelihood that the changes will increase private market competition for insurers selling coverage to taxis; and report to the chair of the committee on financial institutions and insurance of the house and the chair of the committee on commerce of the senate by January 1, 1996.

Sec. 3. [EFFECTIVE DATE.]

Section 1, clause (5), is effective for policies issued or renewed after September 1, 1995. Section 1, clause (6), is effective for policies issued or renewed after September 1, 1996. Section 2 is effective August 1, 1995."

Delete the title and insert:

"A bill for an act relating to insurance; no-fault auto; regulating priorities of coverage for taxis; requiring a report; amending Minnesota Statutes 1994, section 65B.47, subdivision 1a."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Loren Jennings, Wayne Simoneau, Carol Molnau

Senate Conferees: (Signed) Kevin M. Chandler, David L. Knutson, Deanna Wiener

Mr. Chandler moved that the foregoing recommendations and Conference Committee Report on H.F. No. 365 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 365 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 35 and nays 28, as follows:

Those who voted in the affirmative were:

Belanger	Janezich	Limmer	Ourada	Robertson
Berglin	Johnson, J.B.	Marty	Pappas	Runbeck
Betzold	Kelly	Metzen	Piper	Solon
Chandler	Knutson	Moe, R.D.	Pogemiller	Spear
Cohen	Krentz	Murphy	Price	Stevens
Flynn	Kroening	Oliver	Ranum	Stumpf
Hottinger	Lessard	Olson	Riveness	Wiener

Those who voted in the negative were:

Anderson	Dille	Kiscaden	Lesewski	Samuelson
Beckman	Finn	Kleis	Merriam	Scheevel
Berg	Frederickson	Kramer	Morse	Terwilliger
Bertram	Hanson	Laidig	Neuville	Vickerman
Chmielewski	Johnson, D.E.	Langseth	Pariseau	
Day	Johnston	Larson	Sams	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1478, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1478 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1995

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1478

A bill for an act relating to state government; requiring notice to the commissioner of agriculture and certain other actions before an agency adopts or repeals rules that affect farming operations; amending Minnesota Statutes 1994, sections 14.11, by adding a subdivision; 14.14, by adding a subdivision; and 116.07, subdivision 4.

May 18, 1995

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1478, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 1478 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [14.111] [FARMING OPERATIONS.]

Before an agency adopts or repeals rules that affect farming operations, the agency must provide a copy of the proposed rule change to the commissioner of agriculture, no later than 30 days prior to publication of the proposed rule in the State Register.

A rule may not be invalidated for failure to comply with this subdivision if an agency has made a good faith effort to comply.

Sec. 2. Minnesota Statutes 1994, section 14.14, is amended by adding a subdivision to read:

Subd. 1b. [FARMING OPERATIONS.] When a public hearing is conducted on a proposed rule that affects farming operations, at least one public hearing must be conducted in an agricultural area of the state.

Sec. 3. Minnesota Statutes 1994, section 17.138, is amended by adding a subdivision to read:

Subd. 3. [BEST MANAGEMENT PRACTICES.] The commissioner of the pollution control agency, in consultation with the commissioner and the feedlot and manure management advisory committee, shall develop voluntary best management practices for odor control at feedlots.

Sec. 4. Minnesota Statutes 1994, section 35.82, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF CARCASSES.] (a) Except as provided in subdivision 1b and paragraph (d), every person owning or controlling any domestic animal that has died or been killed otherwise than by being slaughtered for human or animal consumption, shall as soon as reasonably possible bury the carcass at least three feet deep in the ground or thoroughly burn it or dispose of it by another method approved by the board as being effective for the protection of public health and the control of livestock diseases. The board, through its executive secretary, may issue permits to owners of rendering plants located in Minnesota which are operated and conducted as required by law, to transport carcasses of domestic animals and fowl that have died, or have been killed otherwise than by being slaughtered for human or animal consumption, over the public highways to their plants for rendering purposes in accordance with the rules adopted by the board relative to transportation, rendering, and other provisions the board considers necessary to prevent the spread of disease. The board may issue permits to owners of rendering plants located in an adjacent state with which a reciprocal agreement is in effect under subdivision 3.

(b) Carcasses collected by rendering plants under permit may be used for pet food or mink food if the owner or operator meets the requirements of subdivision 1b.

(c) An authorized employee or agent of the board may enter private or public property and inspect the carcass of any domestic animal that has died or has been killed other than by being slaughtered for human or animal consumption. Failure to dispose of the carcass of any domestic animal within the period specified by this subdivision is a public nuisance. The board may petition the district court of the county in which a carcass is located for a writ requiring the abatement of the public nuisance. A civil action commenced under this paragraph does not preclude a criminal prosecution under this section. No person may sell, offer to sell, give away, or convey along a public road or on land the person does not own, the carcass of a domestic animal when the animal died or was killed other than by being slaughtered for human or animal consumption unless it is done with a special permit pursuant to this section. The carcass or parts of a domestic animal that has died or has been killed other than by being slaughtered for human or animal consumption may be transported along a public road for a medical or scientific purpose if the carcass is enclosed in a leakproof container to prevent spillage or the dripping of liquid waste. The board may adopt rules relative to the transportation of the carcass of any domestic animal for a medical or scientific purpose. A carcass on a public thoroughfare may be transported for burial or other disposition in accordance with this section.

No person who owns or controls diseased animals shall negligently or willfully permit them to escape from that control or to run at large.

(d) A sheep producer may compost sheep carcasses owned by the producer on the producer's land without a permit and is exempt from compost facility specifications contained in rules of the board.

(e) The board shall develop best management practices for dead animal disposal and the pollution control agency feedlot program shall distribute them to livestock producers in the state.

Sec. 5. Minnesota Statutes 1994, section 115.55, subdivision 2, is amended to read:

Subd. 2. [LOCAL ORDINANCES.] (a) Any ordinance adopted by a local unit of government to regulate individual sewage treatment systems must be in compliance with the individual sewage treatment system rules by January 1, ~~1996~~ 1998.

(b) A copy of each ordinance adopted under this subdivision must be submitted to the commissioner upon adoption.

Sec. 6. Minnesota Statutes 1994, section 115.56, subdivision 2, is amended to read:

Subd. 2. [LICENSE REQUIRED.] (a) Except as provided in paragraph (b), after March 31, 1996, a person may not design, install, maintain, pump, or inspect an individual sewage treatment system without a license issued by the commissioner.

(b) A license is not required for a person who complies with the applicable requirements if the person is:

(1) a qualified employee of state or local government who has passed the examination described in paragraph (d) or a similar examination;

(2) an individual who constructs an individual sewage treatment system on land that is owned or leased by the individual and functions solely as the individual's dwelling or seasonal dwelling; ~~or~~

(3) a farmer who pumps and disposes of sewage waste from individual sewage treatment systems, holding tanks, and privies on land that is owned or leased by the farmer; or

(4) an individual who performs labor or services for a person licensed under this section in connection with the design, installation, maintenance, pumping, or inspection of an individual sewage treatment system at the direction and under the personal supervision of a person licensed under this section.

A person constructing an individual sewage treatment system under clause (2) must consult with a site evaluator or designer before beginning construction. In addition, the system must be inspected before being covered and a compliance report must be provided to the local unit of government after the inspection.

(c) The commissioner, in conjunction with the University of Minnesota extension service or another higher education institution, shall ensure adequate training exists for individual sewage treatment system professionals.

(d) The commissioner shall conduct examinations to test the knowledge of applicants for licensing and shall issue documentation of licensing.

(e) Licenses may be issued only upon successful completion of the required examination and submission of proof of sufficient experience, proof of general liability insurance, and a corporate surety bond in the amount of at least $10,000.

(f) Notwithstanding paragraph (e), the examination and proof of experience are not required for an individual sewage treatment system professional who, on the effective date of the rules adopted under subdivision 1, holds a certification attained by examination and experience under a voluntary certification program administered by the agency.

(g) Local units of government may not require additional local licenses for individual sewage treatment system professionals.

Sec. 7. Minnesota Statutes 1994, section 116.07, subdivision 4, is amended to read:

Subd. 4. [RULES AND STANDARDS.] Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the pollution control agency may adopt, amend and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1967, chapter 882, for the prevention, abatement, or control of air pollution. Any such rule or standard may be of general application throughout the state, or may be limited as to times, places, circumstances, or conditions in order to make due allowance for variations therein. Without

limitation, rules or standards may relate to sources or emissions of air contamination or air pollution, to the quality or composition of such emissions, or to the quality of or composition of the ambient air or outdoor atmosphere or to any other matter relevant to the prevention, abatement, or control of air pollution.

Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the pollution control agency may adopt, amend, and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1969, chapter 1046, for the collection, transportation, storage, processing, and disposal of solid waste and the prevention, abatement, or control of water, air, and land pollution which may be related thereto, and the deposit in or on land of any other material that may tend to cause pollution. The agency shall adopt such rules and standards for sewage sludge, addressing the intrinsic suitability of land, the volume and rate of application of sewage sludge of various degrees of intrinsic hazard, design of facilities, and operation of facilities and sites. The agency shall promulgate emergency rules for sewage sludge pursuant to sections 14.29 to 14.36. Notwithstanding the provisions of sections 14.29 to 14.36, the emergency rules shall be effective until permanent rules are promulgated or March 1, 1982, whichever is earlier. Any such rule or standard may be of general application throughout the state or may be limited as to times, places, circumstances, or conditions in order to make due allowance for variations therein. Without limitation, rules or standards may relate to collection, transportation, processing, disposal, equipment, location, procedures, methods, systems or techniques or to any other matter relevant to the prevention, abatement or control of water, air, and land pollution which may be advised through the control of collection, transportation, processing, and disposal of solid waste and sewage sludge, and the deposit in or on land of any other material that may tend to cause pollution. By January 1, 1983, the rules for the management of sewage sludge shall include an analysis of the sewage sludge determined by the commissioner of agriculture to be necessary to meet the soil amendment labeling requirements of section 18C.215.

Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the pollution control agency may adopt, amend and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1971, chapter 727, for the prevention, abatement, or control of noise pollution. Any such rule or standard may be of general application throughout the state, or may be limited as to times, places, circumstances or conditions in order to make due allowances for variations therein. Without limitation, rules or standards may relate to sources or emissions of noise or noise pollution, to the quality or composition of noises in the natural environment, or to any other matter relevant to the prevention, abatement, or control of noise pollution.

As to any matters subject to this chapter, local units of government may set emission regulations with respect to stationary sources which are more stringent than those set by the pollution control agency.

Pursuant to chapter 14, the pollution control agency may adopt, amend, and rescind rules and standards having the force of law relating to any purpose within the provisions of this chapter for generators of hazardous waste, the management, identification, labeling, classification, storage, collection, treatment, transportation, processing, and disposal of hazardous waste and the location of hazardous waste facilities. A rule or standard may be of general application throughout the state or may be limited as to time, places, circumstances, or conditions. In implementing its hazardous waste rules, the pollution control agency shall give high priority to providing planning and technical assistance to hazardous waste generators. The agency shall assist generators in investigating the availability and feasibility of both interim and long-term hazardous waste management methods. The methods shall include waste reduction, waste separation, waste processing, resource recovery, and temporary storage.

The pollution control agency shall give highest priority in the consideration of permits to authorize disposal of diseased shade trees by open burning at designated sites to evidence concerning economic costs of transportation and disposal of diseased shade trees by alternative methods.

~~In addition to the provisions under section 14.115, before the pollution control agency adopts or repeals rules that affect farming operations, the agency must provide a copy of the proposed rule change and a statement of the effect of the rule change on farming operations to the commissioner of agriculture for review and comment and hold public meetings in agricultural areas of the state.~~

Sec. 8. Minnesota Statutes 1994, section 116.07, subdivision 7, is amended to read:

Subd. 7. [COUNTIES; PROCESSING OF APPLICATIONS FOR ANIMAL LOT PERMITS.] Any Minnesota county board may, by resolution, with approval of the pollution control agency, assume responsibility for processing applications for permits required by the pollution control agency under this section for livestock feedlots, poultry lots or other animal lots. The responsibility for permit application processing, if assumed by a county, may be delegated by the county board to any appropriate county officer or employee.

(a) For the purposes of this subdivision, the term "processing" includes:

(1) the distribution to applicants of forms provided by the pollution control agency;

(2) the receipt and examination of completed application forms, and the certification, in writing, to the pollution control agency either that the animal lot facility for which a permit is sought by an applicant will comply with applicable rules and standards, or, if the facility will not comply, the respects in which a variance would be required for the issuance of a permit; and

(3) rendering to applicants, upon request, assistance necessary for the proper completion of an application.

(b) For the purposes of this subdivision, the term "processing" may include, at the option of the county board, issuing, denying, modifying, imposing conditions upon, or revoking permits pursuant to the provisions of this section or rules promulgated pursuant to it, subject to review, suspension, and reversal by the pollution control agency. The pollution control agency shall, after written notification, have 15 days to review, suspend, modify, or reverse the issuance of the permit. After this period, the action of the county board is final, subject to appeal as provided in chapter 14.

(c) For the purpose of administration of rules adopted under this subdivision, the commissioner and the agency may provide exceptions for cases where the owner of a feedlot has specific written plans to close the feedlot within five years. These exceptions include waiving requirements for major capital improvements.

(d) For purposes of this subdivision, a discharge caused by an extraordinary natural event such as a precipitation event of greater magnitude than the 25-year, 24-hour event, tornado, or flood in excess of the 100-year flood is not a "direct discharge of pollutants."

(e) In adopting and enforcing rules under this subdivision, the commissioner shall cooperate closely with other governmental agencies.

(f) The pollution control agency shall work with the Minnesota extension service, the department of agriculture, the board of water and soil resources, producer groups, local units of government, as well as with appropriate federal agencies such as the Soil Conservation Service and the Agricultural Stabilization and Conservation Service, to notify and educate producers of rules under this subdivision at the time the rules are being developed and adopted and at least every two years thereafter.

(g) The pollution control agency shall adopt rules governing the issuance and denial of permits for livestock feedlots, poultry lots or other animal lots pursuant to this section. A feedlot permit is not required for livestock feedlots with more than ten but less than 50 animal units; provided they are not in shoreland areas. These rules apply both to permits issued by counties and to permits issued by the pollution control agency directly.

(h) The pollution control agency shall exercise supervising authority with respect to the processing of animal lot permit applications by a county.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 and 2 apply to rules for which notice of intent to adopt a rule is published after the effective date of those sections.

ARTICLE 2

Section 1. Minnesota Statutes 1994, section 3.842, subdivision 2, is amended to read:

Subd. 2. [JURISDICTION.] The jurisdiction of the commission includes all rules as defined in section 14.02, subdivision 4. The commission also has jurisdiction of rules which are filed with the secretary of state in accordance with ~~section~~ sections 14.38, subdivisions 5, 6, 7, 8, 9, and 11 ~~or were filed with the secretary of state in accordance with the provisions of section 14.38, subdivisions 5 to 9, which were in effect on the date the rules were filed~~; 14.386; and 14.388.

The commission may periodically review statutory exemptions to the rulemaking provisions of this chapter.

Sec. 2. Minnesota Statutes 1994, section 3.842, subdivision 4, is amended to read:

Subd. 4. [SUSPENSIONS.] (a) The commission may, on any of the grounds listed in paragraph (b) and on the basis of the testimony received at the public hearings, suspend any rule complained of by the affirmative vote of at least six members provided the provisions of section 3.844 have been met. If any rule is suspended, the commission shall as soon as possible place before the legislature, at the next year's session, a bill to repeal the suspended rule. If the bill is not enacted in that year's session, the rule is effective upon adjournment of the session unless the agency has repealed it. If the bill is enacted, the rule is repealed.

(b) A rule suspension under paragraph (a) must be based on one or more of the following reasons:

(1) an absence of statutory authority;

(2) an emergency relating to public health, safety, or welfare;

(3) a failure to comply with legislative intent;

(4) a conflict with state law;

(5) a change in circumstances since enactment of the earliest law upon which the rule is based;

(6) arbitrariness and capriciousness, or imposition of an undue hardship.

(c) This section authorizes the commission to suspend a rule only when the vote to suspend is taken, and the effective date of the suspension occurs, at a time when the legislature could not enact a bill to repeal the rule.

Sec. 3. Minnesota Statutes 1994, section 3.842, is amended by adding a subdivision to read:

Subd. 4a. [OBJECTIONS TO RULES.] (a) If the legislative commission to review administrative rules objects to all or some portion of a rule because the commission considers it to be beyond the procedural or substantive authority delegated to the agency, including a proposed rule submitted under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), the commission may file that objection in the office of the secretary of state. The filed objection must contain a concise statement of the commission's reasons for its action. An objection to a proposed rule submitted under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), may not be filed before the rule is adopted.

(b) The secretary of state shall affix to each objection a certification of the date and time of its filing and as soon after the objection is filed as practicable shall transmit a certified copy of it to the agency issuing the rule in question and the revisor of statutes. The secretary of state shall also maintain a permanent register open to public inspection of all objections by the commission.

(c) The legislative commission to review administrative rules shall publish and index an objection filed under this section in the next issue of the State Register. The revisor of statutes shall indicate its existence adjacent to the rule in question when that rule is published in Minnesota Rules.

(d) Within 14 days after the filing of an objection by the commission to a rule, the issuing agency shall respond in writing to the commission. After receipt of the response, the commission may withdraw or modify its objection.

(e) After the filing of an objection by the commission that is not subsequently withdrawn, the burden is upon the agency in any proceeding for judicial review or for enforcement of the rule to establish that the whole or portion of the rule objected to is valid.

(f) The failure of the commission to object to a rule is not an implied legislative authorization of its validity.

(g) Pursuant to sections 14.44 and 14.45, the commission may petition for a declaratory judgment to determine the validity of any rule objected to by the commission.

This action must be started within two years after an objection is filed in the office of the secretary of state.

(h) The commission may intervene in litigation arising from agency action. For purposes of this paragraph, agency action means the whole or part of a rule, or the failure to issue a rule.

Sec. 4. Minnesota Statutes 1994, section 4A.05, subdivision 2, is amended to read:

Subd. 2. [FEES.] The director shall set fees under section ~~16A.128, subdivision 2,~~ 16A.1285 reflecting the actual costs of providing the center's information products and services to clients. Fees collected must be deposited in the state treasury and credited to the land management information center revolving account. Money in the account is appropriated to the director for operation of the land management information system, including the cost of services, supplies, materials, labor, and equipment, as well as the portion of the general support costs and statewide indirect costs of the office that is attributable to the land management information system. The director may require a state agency to make an advance payment to the revolving fund sufficient to cover the agency's estimated obligation for a period of 60 days or more. If the revolving fund is abolished or liquidated, the total net profit from operations must be distributed to the funds from which purchases were made. The amount to be distributed to each fund must bear to the net profit the same ratio as the total purchases from each fund bear to the total purchases from all the funds during a period of time that fairly reflects the amount of net profit each fund is entitled to receive under this distribution.

Sec. 5. Minnesota Statutes 1994, section 14.04, is amended to read:

14.04 [AGENCY ORGANIZATION; GUIDEBOOK.]

To assist interested persons dealing with it, each agency shall, in a manner prescribed by the commissioner of administration, prepare a description of its organization, stating the ~~process whereby~~ general course and method of its operations and where and how the public may obtain information or make submissions or requests. The commissioner of administration shall publish these descriptions at least once every four years commencing in 1981 in a guidebook of state agencies. Notice of the publication of the guidebook shall be published in the State Register and given in newsletters, newspapers, or other publications, or through other means of communication.

Sec. 6. Minnesota Statutes 1994, section 14.05, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY TO MODIFY PROPOSED RULE.] (a) An agency may modify a proposed rule in accordance with the procedures of the administrative procedure act. However, an agency may not modify a proposed rule so that it is substantially different from the proposed rule in the notice of intent to adopt rules or notice of hearing.

(b) A modification does not make a proposed rule substantially different if:

(1) the differences are within the scope of the matter announced in the notice of intent to adopt or notice of hearing and are in character with the issues raised in that notice;

(2) the differences are a logical outgrowth of the contents of the notice of intent to adopt or notice of hearing and the comments submitted in response to the notice; and

(3) the notice of intent to adopt or notice of hearing provided fair warning that the outcome of that rulemaking proceeding could be the rule in question.

(c) In determining whether the notice of intent to adopt or notice of hearing provided fair warning that the outcome of that rulemaking proceeding could be the rule in question the following factors must be considered:

(1) the extent to which persons who will be affected by the rule should have understood that the rulemaking proceeding on which it is based could affect their interests;

(2) the extent to which the subject matter of the rule or issues determined by the rule are different from the subject matter or issues contained in the notice of intent to adopt or notice of hearing; and

(3) the extent to which the effects of the rule differ from the effects of the proposed rule contained in the notice of intent to adopt or notice of hearing.

Sec. 7. Minnesota Statutes 1994, section 14.05, is amended by adding a subdivision to read:

Subd. 5. [REVIEW AND REPEAL OF RULES.] By December 1 of each year, an agency shall submit a list of all the rules of the agency to the governor, the legislative commission to review administrative rules, and the revisor of statutes. The list must identify any rules that are obsolete and should be repealed. The list must also include an explanation of why the rule is obsolete and the agency's timetable for repeal.

Sec. 8. Minnesota Statutes 1994, section 14.06, is amended to read:

14.06 [REQUIRED RULES.]

(a) Each agency shall adopt rules, in the form prescribed by the revisor of statutes, setting forth the nature and requirements of all formal and informal procedures related to the administration of official agency duties to the extent that those procedures directly affect the rights of or procedures available to the public.

(b) Upon the request of any person, and as soon as feasible and to the extent practicable, each agency shall adopt rules to supersede those principles of law or policy lawfully declared by the agency as the basis for its decisions in particular cases it intends to rely on as precedents in future cases. This paragraph does not apply to the public utilities commission.

Sec. 9. Minnesota Statutes 1994, section 14.08, is amended to read:

14.08 [~~REVISOR OF STATUTES~~ APPROVAL OF RULE AND RULE FORM; COSTS.]

(a) Two copies of a rule adopted pursuant to ~~the provisions of~~ section 14.26 ~~or 14.32~~ shall be submitted by the agency to the ~~attorney general~~ chief administrative law judge. The ~~attorney general~~ chief administrative law judge shall send one copy of the rule to the revisor on the same day ~~as~~ it is submitted by the agency under section 14.26 ~~or 14.32~~. Within five days after receipt of the rule, excluding weekends and holidays, the revisor shall either return the rule with a certificate of approval of the form of the rule to the ~~attorney general~~ chief administrative law judge or notify the ~~attorney general~~ chief administrative law judge and the agency that the form of the rule will not be approved.

If the ~~attorney general~~ chief administrative law judge disapproves a rule, the agency may modify it and the agency shall submit two copies of the modified rule to the ~~attorney general~~ chief administrative law judge who shall send a copy to the revisor for approval as to form as described in this paragraph.

(b) One copy of a rule adopted after a public hearing shall be submitted by the agency to the revisor for approval of the form of the rule. Within five working days after receipt of the rule, the revisor shall either return the rule with a certificate of approval to the agency or notify the agency that the form of the rule will not be approved.

(c) If the revisor refuses to approve the form of the rule, the revisor's notice shall revise the rule so it is in the correct form.

(d) The ~~attorney general~~ chief administrative law judge shall assess an agency for the ~~attorney~~

~~general's~~ actual cost of processing rules under this section. ~~The agency shall pay the attorney general's assessments using the procedures of section 8.15.~~ Each agency shall include in its budget money to pay the ~~attorney general's~~ assessments. Receipts from the assessment must be deposited in the ~~state treasury and credited to the general fund~~ administrative hearings account created in section 14.54.

Sec. 10. Minnesota Statutes 1994, section 14.09, is amended to read:

14.09 [PETITION FOR ADOPTION OF RULE.]

Any ~~interested~~ person may petition an agency requesting the adoption, ~~suspension,~~ amendment, or repeal of any rule. The petition shall be specific as to what action is requested and the need for the action. Upon receiving a petition an agency shall have 60 days in which to make a specific and detailed reply in writing as to its planned disposition of the request and the reasons for its planned disposition of the request. If the agency states its intention to hold a public hearing on the subject of the request, it shall proceed according to sections 14.05 to ~~14.36~~ 14.28. The ~~attorney general~~ chief administrative law judge shall prescribe by rule the form for all petitions under this section and may prescribe further procedures for their submission, consideration, and disposition.

Sec. 11. [14.101] [ADVICE ON POSSIBLE RULES.]

Subdivision 1. [REQUIRED NOTICE.] In addition to seeking information by other methods designed to reach persons or classes of persons who might be affected by the proposal, an agency, at least 60 days before publication of a notice of intent to adopt or a notice of hearing, shall solicit comments from the public on the subject matter of a possible rulemaking proposal under active consideration within the agency by causing notice to be published in the State Register. The notice must include a description of the subject matter of the proposal, the types of groups and individuals likely to be affected, and indicate where, when, and how persons may comment on the proposal and whether and how drafts of any proposal may be obtained from the agency.

This notice must be published within 60 days of the effective date of any new statutory grant of required rulemaking.

Subd. 2. [ADVISORY COMMITTEES.] Each agency may also appoint committees to comment, before publication of a notice of intent to adopt or a notice of hearing, on the subject matter of a possible rulemaking under active consideration within the agency. The membership of those committees must be published at least annually in the State Register.

Subd. 3. [EFFECT OF GOOD FAITH COMPLIANCE.] If an agency has made a good faith effort to comply with this section, a rule may not be invalidated on the grounds that the contents of this notice are insufficient or inaccurate.

Sec. 12. [14.125] [TIME LIMIT ON AUTHORITY TO ADOPT, AMEND, OR REPEAL RULES.]

An agency shall publish a notice of intent to adopt rules or a notice of hearing within 18 months of the effective date of the law authorizing or requiring rules to be adopted, amended, or repealed. If the notice is not published within the time limit imposed by this section, the authority for the rules expires. The agency shall not use other law in existence at the time of the expiration of rulemaking authority under this section as authority to adopt, amend, or repeal these rules.

An agency that publishes a notice of intent to adopt rules or a notice of hearing within the time limit specified in this section may subsequently amend or repeal the rules without additional legislative authorization.

Sec. 13. Minnesota Statutes 1994, section 14.131, is amended to read:

14.131 [STATEMENT OF NEED AND REASONABLENESS.]

Before the agency orders the publication of a rulemaking notice required by section 14.14, subdivision 1a, the agency must prepare, review, and make available for public review a statement of the need for and reasonableness of the rule ~~and a fiscal note if required by section 3.982~~. The statement of need and reasonableness must be prepared under rules adopted by the chief

administrative law judge. and must include the following to the extent the agency, through reasonable effort, can ascertain this information:

(1) a description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;

(2) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues;

(3) a determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule;

(4) a description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;

(5) the probable costs of complying with the proposed rule; and

(6) an assessment of any differences between the proposed rule and existing federal regulations and a specific analysis of the need for and reasonableness of each difference.

For rules setting, adjusting, or establishing regulatory, licensure, or other charges for goods and services, the statement of need and reasonableness must include the comments and recommendations of the commissioner of finance and must address any fiscal and policy concerns raised during the review process, as required by section 16A.1285.

The statement must also describe the agency's efforts to provide additional notification to persons or classes of persons who may be affected by the proposed rule or must explain why these efforts were not made.

The agency shall send a copy of the statement of need and reasonableness to the legislative commission to review administrative rules when it becomes available for public review.

Sec. 14. Minnesota Statutes 1994, section 14.14, subdivision 1a, is amended to read:

Subd. 1a. [NOTICE OF RULE HEARING.] (a) Each agency shall maintain a list of all persons who have registered with the agency for the purpose of receiving notice of rule ~~hearings~~ proceedings. The agency may inquire as to whether those persons on the list wish to maintain their names thereon and may remove names for which there is a negative reply or no reply within 60 days. The agency shall, at least 30 days prior to the date set for the hearing, give notice of its intention to adopt rules by United States mail to all persons on its list, and by publication in the State Register. The mailed notice shall include either a copy of the proposed rule or a description of the nature and effect of the proposed rule and an announcement that a free copy of the proposed rule is available on request from the agency. Each agency may, at its own discretion, also contact persons not on its list ~~and may give~~ who may be affected by the rule being proposed. In addition, each agency shall make reasonable efforts to notify persons or classes of persons who may be significantly affected by the rule being proposed by giving notice of its intention in newsletters, newspapers, or other publications, or through other means of communication. The notice in the State Register must include the proposed rule or an amended rule in the form required by the revisor under section 14.07, together with a citation to the most specific statutory authority for the proposed rule, a statement of the place, date, and time of the public hearing, a statement that persons may register with the agency for the purpose of receiving notice of rule proceedings and notice that a rule has been adopted, and other information as required by law or rule. When an entire rule is proposed to be repealed, the agency need only publish that fact, giving the citation to the rule to be repealed in the notice.

(b) The legislative commission to review administrative rules may authorize an agency to omit from the notice of rule hearing the text of any proposed rule, the publication of which would be unduly cumbersome, expensive, or otherwise inexpedient if:

(1) knowledge of the rule is likely to be important to only a small class of persons;

(2) the notice of rule hearing states that a free copy of the entire rule is available upon request to the agency; and

(3) the notice of rule hearing states in detail the specific subject matter of the omitted rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose and motivation.

Sec. 15. Minnesota Statutes 1994, section 14.15, subdivision 3, is amended to read:

Subd. 3. [FINDING OF SUBSTANTIAL ~~CHANGE~~ DIFFERENCE.] If the report contains a finding that a rule has been modified in a way which makes it substantially different, as determined under section 14.05, subdivision 2, from that which was originally proposed, or that the agency has not met the requirements of sections 14.131 to 14.18, it shall be submitted to the chief administrative law judge for approval. If the chief administrative law judge approves the finding of the administrative law judge, the chief administrative law judge shall advise the agency and the revisor of statutes of actions which will correct the defects. The agency shall not adopt the rule until the chief administrative law judge determines that the defects have been corrected or, if applicable, that the agency has satisfied the rule requirements for the adoption of a substantially different rule.

Sec. 16. Minnesota Statutes 1994, section 14.15, subdivision 4, is amended to read:

Subd. 4. [NEED OR REASONABLENESS NOT ESTABLISHED.] If the chief administrative law judge determines that the need for or reasonableness of the rule has not been established pursuant to section 14.14, subdivision 2, and if the agency does not elect to follow the suggested actions of the chief administrative law judge to correct that defect, then the agency shall submit the proposed rule to the legislative commission to review administrative rules for the commission's advice and comment. The agency shall not adopt the rule until it has received and considered the advice of the commission. However, the agency is not required to ~~delay adoption longer~~ wait for the commission's advice for more than ~~30~~ 60 days after the commission has received the agency's submission. ~~Advice of the commission shall not be binding on the agency.~~

Sec. 17. Minnesota Statutes 1994, section 14.16, subdivision 1, is amended to read:

Subdivision 1. [REVIEW OF MODIFICATIONS.] If the report of the administrative law judge finds no defects, the agency may proceed to adopt the rule. After receipt of the administrative law judge's report, if the agency makes any modifications to the rule other than those recommended by the administrative law judge, it must return the rule to the chief administrative law judge for a review on the issue of ~~substantial change~~ whether the rule as modified is substantially different, as determined under section 14.05, subdivision 2, from the rule as originally proposed. If the chief administrative law judge determines that the modified rule is substantially different from that which was originally proposed, the chief administrative law judge shall advise the agency of actions which will correct the defects. The agency shall not adopt the modified rule until the chief administrative law judge determines that the defects have been corrected or, if applicable, that the agency has satisfied the rule requirements for the adoption of a substantially different rule.

The agency shall give notice to all persons who requested to be informed that the rule has been adopted and filed with the secretary of state. This notice shall be given on the same day that the rule is filed.

Sec. 18. Minnesota Statutes 1994, section 14.18, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] A rule is effective after it has been subjected to all requirements described in sections 14.131 to 14.20 and five working days after the notice of adoption is published in the State Register unless a later date is required by law or specified in the rule. If the rule adopted is the same as the proposed rule, publication may be made by publishing notice in the State Register that the rule has been adopted as proposed and by citing the prior publication. If the rule adopted differs from the proposed rule, the portions of the adopted rule which differ from the proposed rule shall be included in the notice of adoption together with a citation to the prior State Register publication of the remainder of the proposed rule. The nature of the modifications must be clear to a reasonable person when the notice of adoption is considered together with the State Register publication of the proposed rule, except that modifications may also be made which comply with the form requirements of section 14.07, subdivision 7.

If the agency omitted from the notice of proposed rule adoption the text of the proposed rule, as permitted by section 14.14, subdivision 1a, paragraph (b), the legislative commission to review administrative rules may provide that the notice of the adopted rule need not include the text of any changes from the proposed rule. However, the notice of adoption must state in detail the substance of the changes made from the proposed rule, and must state that a free copy of that portion of the adopted rule that was the subject of the rulemaking proceeding, not including any material adopted by reference as permitted by section 14.07, is available upon request to the agency.

Sec. 19. Minnesota Statutes 1994, section 14.19, is amended to read:

14.19 [DEADLINE TO COMPLETE RULEMAKING.]

The agency shall, within 180 days after issuance of the administrative law judge's report, submit its notice of adoption, amendment, ~~suspension,~~ or repeal to the State Register for publication. If the agency has not submitted its notice to the State Register within 180 days, the rule is automatically withdrawn. The agency shall not adopt the withdrawn rules without again following the procedures of sections 14.05 to 14.36. It shall report to the legislative commission to review administrative rules, other appropriate committees of the legislature, and the governor its failure to adopt rules and the reasons for that failure. The 180-day time limit of this section does not include any days used for review by the chief administrative law judge~~, the attorney general,~~ or the legislative commission to review administrative rules if the review is required by law.

Sec. 20. Minnesota Statutes 1994, section 14.22, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS.] (a) Unless an agency proceeds directly to a public hearing on a proposed rule and gives the notice prescribed in section 14.14, subdivision 1a, the agency shall give notice of its intention to adopt a rule without public hearing. The notice shall be given by publication in the State Register and by United States mail to persons who have registered their names with the agency pursuant to section 14.14, subdivision 1a. The mailed notice shall include either a copy of the proposed rule or a description of the nature and effect of the proposed rule and an announcement that a free copy of the proposed rule is available on request from the agency. Each agency may, at its own discretion, also contact persons not on its list who may be affected by the rule being proposed. In addition, each agency shall make reasonable efforts to notify persons or classes of persons who may be significantly affected by the rule by giving notice of its intention in newsletters, newspapers, or other publications, or through other means of communication. The notice in the State Register shall include the proposed rule or the amended rule in the form required by the revisor under section 14.07, ~~and~~ a citation to the most specific statutory authority for the proposed rule, a statement that persons may register with the agency for the purpose of receiving notice of rule proceedings and notice that a rule has been submitted to the chief administrative law judge, and other information as required by law or rule. When an entire rule is proposed to be repealed, the notice need only state that fact, giving the citation to the rule to be repealed in the notice. The notice shall include a statement advising the public:

(1) that they have 30 days in which to submit comment in support of or in opposition to the proposed rule and that comment is encouraged;

(2) that each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed;

(3) that if 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held;

(4) of the manner in which persons shall request a public hearing on the proposed rule;

(5) ~~that the name and address of the person requesting a public hearing shall be stated~~ of the requirements contained in section 14.25 relating to a written request for a public hearing, and that the requester is encouraged to ~~identify the portion of the proposed rule addressed, the reason for the request, and~~ propose any change ~~proposed~~ desired;

(6) that the proposed rule may be modified if the modifications are supported by the data and views submitted; and

(7) that if a hearing is not required, notice of the date of submission of the proposed rule to the ~~attorney general~~ chief administrative law judge for review will be mailed to any person requesting to receive the notice.

In connection with the statements required in clauses (1) and (3), the notice must also include the date on which the 30-day comment period ends.

(b) The legislative commission to review administrative rules may authorize an agency to omit from the notice of intent to adopt the text of any proposed rule, the publication of which would be unduly cumbersome, expensive, or otherwise inexpedient if:

(1) knowledge of the rule is likely to be important to only a small class of persons;

(2) the notice of intent to adopt states that a free copy of the entire rule is available upon request to the agency; and

(3) the notice of intent to adopt states in detail the specific subject matter of the omitted rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose and motivation.

Sec. 21. Minnesota Statutes 1994, section 14.23, is amended to read:

14.23 [STATEMENT OF NEED AND REASONABLENESS.]

Before the date of the section 14.22 notice, the agency shall prepare a statement of need and reasonableness which shall be available to the public. The statement of need and reasonableness must include the analysis required in section 14.131 and the comments and recommendations of the commissioner of finance, and must address any fiscal and policy concerns raised during the review process, as required by section 16A.1285. The statement must also describe the agency's efforts to provide additional notification to persons or classes of persons who may be affected by the proposed rules or must explain why these efforts were not made. For at least 30 days following the notice, the agency shall afford ~~all interested persons~~ the public an opportunity to request a public hearing and to submit data and views on the proposed rule in writing.

The agency shall send a copy of the statement of need and reasonableness to the legislative commission to review administrative rules when it becomes available to the public.

Sec. 22. Minnesota Statutes 1994, section 14.24, is amended to read:

14.24 [MODIFICATIONS OF PROPOSED RULE.]

The proposed rule may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a ~~substantial change~~ substantially different rule, as determined under section 14.05, subdivision 2, from the rule as originally proposed. An agency may adopt a substantially different rule after satisfying the rule requirements for the adoption of a substantially different rule.

Sec. 23. Minnesota Statutes 1994, section 14.25, is amended to read:

14.25 [PUBLIC HEARING ~~REQUIRED~~.]

Subdivision 1. [REQUESTS FOR HEARING.] If, during the 30-day period allowed for comment, 25 or more persons submit to the agency a written request for a public hearing of the proposed rule, the agency shall proceed under the provisions of sections 14.14 to 14.20. The written request must include: (1) the name and address of the person requesting the public hearing; and (2) the portion or portions of the rule to which the person objects or a statement that the person opposes the entire rule. A notice of the public hearing must be published in the State Register and mailed to those persons who submitted a written request for the public hearing. Unless the agency has modified the proposed rule, the notice need not include the text of the proposed rule but only a citation to the State Register pages where the text appears.

A written request for a public hearing that does not comply with the requirements of this section is invalid and must not be counted by the agency for purposes of determining whether a public hearing must be held.

Subd. 2. [WITHDRAWAL OF HEARING REQUESTS.] If a request for a public hearing has been withdrawn, the agency must give written notice of that fact to all persons who have requested the public hearing. The notice must explain why the request is being withdrawn, and must include a description of any action the agency has taken or will take that affected or may have affected the decision to withdraw the request. The notice must also invite persons to submit written comments to the agency relating to the withdrawal. The notice and any written comments received by the agency is part of the rulemaking record submitted to the administrative law judge under section 14.14 or 14.26. The administrative law judge shall review the notice and any comments received and determine whether the withdrawal is consistent with section 14.001, clauses (2), (4), and (5).

This subdivision applies only to a withdrawal of a hearing request that affects whether a public hearing must be held and only if the agency has taken any action to obtain the withdrawal of the hearing request.

Sec. 24. Minnesota Statutes 1994, section 14.26, is amended to read:

14.26 [ADOPTION OF PROPOSED RULE; SUBMISSION TO ~~ATTORNEY GENERAL~~ ADMINISTRATIVE LAW JUDGE.]

Subdivision 1. [SUBMISSION.] If no hearing is required, the agency shall submit to ~~the attorney general~~ an administrative law judge assigned by the chief administrative law judge the proposed rule and notice as published, the rule as proposed for adoption, any written comments received by the agency, and a statement of need and reasonableness for the rule. The agency shall give notice to all persons who requested to be informed that these materials have been submitted to the ~~attorney general~~ administrative law judge. This notice shall be given on the same day that the record is submitted. If the proposed rule has been modified, the notice shall state that fact, and shall state that a free copy of the proposed rule, as modified, is available upon request from the agency. The rule and these materials shall be submitted to the ~~attorney general~~ administrative law judge within 180 days of the day that the comment period for the rule is over or the rule is automatically withdrawn. The agency shall report its failure to adopt the rules and the reasons for that failure to the legislative commission to review administrative rules, other appropriate legislative committees, and the governor.

Subd. 2. [RESUBMISSION.] Even if the 180-day period expires while the ~~attorney general~~ administrative law judge reviews the rule, if the ~~attorney general~~ administrative law judge rejects the rule, the agency may resubmit it after taking corrective action. The resubmission must occur within 30 days of when the agency receives written notice of the disapproval. If the rule is again disapproved, the rule is withdrawn. An agency may resubmit at any time before the expiration of the 180-day period. If the agency withholds some of the proposed rule, it may not adopt the withheld portion without again following the procedures of sections 14.14 to 14.28~~, or 14.29 to 14.36~~.

Subd. 3. [REVIEW.] (a) The ~~attorney general~~ administrative law judge shall, within 14 days, approve or disapprove the rule as to its legality and its form to the extent the form relates to legality, including the ~~issue~~ issues of ~~substantial change~~ whether the rule if modified is substantially different, as determined under section 14.05, subdivision 2, from the rule as originally proposed, ~~and determine~~ whether the agency has the authority to adopt the rule, and whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rule ~~within 14 days~~. If the rule is approved, the ~~attorney general~~ administrative law judge shall promptly file two copies of it in the office of the secretary of state. The secretary of state shall forward one copy of each rule to the revisor of statutes. If the rule is disapproved, the ~~attorney general~~ administrative law judge shall state in writing the reasons and make recommendations to overcome the ~~deficiencies, and~~ defects.

(b) The written disapproval must be submitted to the chief administrative law judge for approval. If the chief administrative law judge approves of the findings of the administrative law judge, the chief administrative law judge shall send the statement of the reasons for disapproval of the rule to the agency, the legislative commission to review administrative rules, and the revisor of statutes and advise the agency and the revisor of statutes of actions that will correct the defects. The rule shall not be filed in the office of the secretary of state, nor published until the ~~deficiencies~~ chief administrative law judge determines that the defects have been ~~overcome~~ corrected or, if

applicable, that the agency has satisfied the rule requirements for the adoption of a substantially different rule. ~~The attorney general shall send a statement of reasons for disapproval of the rule to the agency, the chief administrative law judge, the legislative commission to review administrative rules, and to the revisor of statutes.~~

(c) If the chief administrative law judge determines that the need for or reasonableness of the rule has not been established, and if the agency does not elect to follow the suggested actions of the chief administrative law judge to correct that defect, then the agency shall submit the proposed rule to the legislative commission to review administrative rules for the commission's advice and comment. The agency shall not adopt the rule until it has received and considered the advice of the commission. However, the agency is not required to wait for the commission's advice for more than 60 days after the commission has received the agency's submission.

(d) The ~~attorney general~~ administrative law judge shall disregard any error or defect in the proceeding due to the agency's failure to satisfy any procedural requirements imposed by law or rule if the ~~attorney general~~ administrative law judge finds:

(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or

(2) that the agency has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.

Subd. 4. [COSTS.] The ~~attorney general~~ office of administrative hearings shall assess an agency for the actual cost of processing rules under this section. ~~The agency shall pay the attorney general's assessments using the procedures of section 8.15.~~ Each agency shall include in its budget money to pay the ~~attorney general's~~ assessment. Receipts from the assessment must be deposited in the ~~state treasury and credited to the general fund~~ administrative hearings account created in section 14.54.

Sec. 25. Minnesota Statutes 1994, section 14.365, is amended to read:

14.365 [OFFICIAL RULEMAKING RECORD.]

The agency shall maintain the official rulemaking record for every rule adopted pursuant to sections 14.05 to ~~14.36~~ 14.28. The record shall be available for public inspection. The record required by this section constitutes the official and exclusive agency rulemaking record with respect to agency action on or judicial review of the rule. The record shall contain:

(1) copies of all publications in the State Register pertaining to the rule;

(2) all written petitions, requests, submissions, or comments received by the agency~~,~~ or the administrative law judge~~, or the attorney general~~ pertaining to the rule;

(3) the statement of need and reasonableness for the rule~~, if any~~;

(4) the official transcript of the hearing if one was held, or the tape recording of the hearing if a transcript was not prepared;

(5) the report of the administrative law judge, if any;

(6) the rule in the form last submitted to the administrative law judge under sections 14.14 to 14.20 or first submitted to the ~~attorney general~~ administrative law judge under sections 14.22 to 14.28;

(7) the ~~attorney general's~~ administrative law judge's written statement of required modifications and of approval or disapproval by the chief administrative law judge, if any;

(8) any documents required by applicable rules of the office of administrative hearings ~~or of the attorney general~~;

(9) the agency's order adopting the rule;

(10) the revisor's certificate approving the form of the rule; and

(11) a copy of the adopted rule as filed with the secretary of state.

Sec. 26. [14.366] [PUBLIC RULEMAKING DOCKET.]

(a) Each agency shall maintain a current, public rulemaking docket.

(b) The rulemaking docket must contain a listing of the precise subject matter of each possible proposed rule currently under active consideration within the agency for proposal, the name and address of agency personnel with whom persons may communicate with respect to the matter, and an indication of its present status within the agency.

(c) The rulemaking docket must list each pending rulemaking proceeding. A rulemaking proceeding is pending from the time it is begun, by publication of the notice of solicitation, the notice of intent to adopt, or notice of hearing, to the time it is terminated, by publication of a notice of withdrawal or the rule becoming effective. For each rulemaking proceeding, the docket must indicate:

(1) the subject matter of the proposed rule;

(2) a citation to all published notices relating to the proceeding;

(3) where written comments on the proposed rule may be inspected;

(4) the time during which written comments may be made;

(5) the names of persons who have made written requests for a public hearing, where those requests may be inspected, and where and when the hearing will be held;

(6) the current status of the proposed rule and any agency determinations with respect to the rule;

(7) any known timetable for agency decisions or other action in the proceeding;

(8) the date of the rule's adoption;

(9) the date the rule was filed with the secretary of state; and

(10) when the rule will become effective.

Sec. 27. [14.386] [PROCEDURE FOR ADOPTING EXEMPT RULES; DURATION.]

(a) A rule adopted, amended, or repealed by an agency, under a statute authorizing or requiring rules to be adopted but excluded from the rulemaking provisions of chapter 14 or from the definition of a rule, has the force and effect of law only if:

(1) the revisor of statutes approves the form of the rule by certificate;

(2) the office of administrative hearings approves the rule as to its legality within 14 days after the agency submits it for approval and files two copies of the rule with the revisor's certificate in the office of the secretary of state; and

(3) a copy is published by the agency in the State Register.

(b) A rule adopted under this section is effective for a period of two years from the date of publication of the rule in the State Register. The authority for the rule expires at the end of this two-year period.

(c) The chief administrative law judge shall adopt rules relating to the rule approval duties imposed by this section and section 14.388, including rules establishing standards for review.

(d) This section does not apply to rules adopted, amended, or repealed under section 14.388.

This section also does not apply to:

(1) rules implementing emergency powers pursuant to sections 12.31 to 12.37;

(2) rules of agencies directly in the legislative or judicial branches;

(3) rules of the regents of the University of Minnesota;

(4) rules of the department of military affairs;

(5) rules of the comprehensive health association provided in section 62E.10;

(6) rules of the tax court provided by section 271.06;

(7) rules concerning only the internal management of the agency or other agencies, and which do not directly affect the rights of or procedure available to the public;

(8) rules of the commissioner of corrections relating to the placement and supervision of inmates serving a supervised release term, the internal management of institutions under the commissioner's control, and rules adopted under section 609.105 governing the inmates of those institutions;

(9) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs;

(10) opinions of the attorney general;

(11) the systems architecture plan and long-range plan of the state education management information system provided by section 121.931;

(12) the data element dictionary and the annual data acquisition calendar of the department of education to the extent provided by section 121.932;

(13) the occupational safety and health standards provided in section 182.655;

(14) revenue notices and tax information bulletins of the commissioner of revenue;

(15) uniform conveyancing forms adopted by the commissioner of commerce under section 507.09;

(16) game and fish rules of the commissioner of natural resources adopted under section 84.027, subdivision 13, or sections 97A.0451 to 97A.0459; or

(17) experimental and special management waters designated by the commissioner of natural resources under sections 97C.001 and 97C.005.

Sec. 28. [14.387] [LEGAL STATUS OF EXISTING EXEMPT RULES.]

A rule adopted on or before the day following final enactment of this section, and which was not adopted under sections 14.05 to 14.36 or their predecessor provisions, does not have the force and effect of law on and after July 1, 1997, and the authority for the rule expires on that date.

This section does not apply to:

(1) rules implementing emergency powers under sections 12.31 to 12.37;

(2) rules of agencies directly in the legislative or judicial branches;

(3) rules of the regents of the University of Minnesota;

(4) rules of the department of military affairs;

(5) rules of the comprehensive health association provided in section 62E.10;

(6) rules of the tax court provided by section 271.06;

(7) rules concerning only the internal management of the agency or other agencies, and which do not directly affect the rights of or procedure available to the public;

(8) rules of the commissioner of corrections relating to the placement and supervision of inmates serving a supervised release term, the internal management of institutions under the commissioner's control, and rules adopted under section 609.105 governing the inmates of those institutions;

(9) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs;

(10) opinions of the attorney general;

(11) the systems architecture plan and long-range plan of the state education management information system provided by section 121.931;

(12) the data element dictionary and the annual data acquisition calendar of the department of education to the extent provided by section 121.932;

(13) the occupational safety and health standards provided in section 182.655;

(14) revenue notices and tax information bulletins of the commissioner of revenue;

(15) uniform conveyancing forms adopted by the commissioner of commerce under section 507.09;

(16) game and fish rules of the commissioner of natural resources adopted under section 84.027, subdivision 13, or sections 97A.0451 to 97A.0459; or

(17) experimental and special management waters designated by the commissioner of natural resources under sections 97C.001 and 97C.005.

Sec. 29. [14.388] [GOOD CAUSE EXEMPTION.]

If an agency for good cause finds that the rulemaking provisions of this chapter are unnecessary, impracticable, or contrary to the public interest when adopting, amending, or repealing a rule to:

(1) address a serious and immediate threat to the public health, safety, or welfare;

(2) comply with a court order or a requirement in federal law in a manner that does not allow for compliance with sections 14.14 to 14.28;

(3) incorporate specific changes set forth in applicable statutes when no interpretation of law is required; or

(4) make changes that do not alter the sense, meaning, or effect of a rule,

the agency may adopt, amend, or repeal the rule after satisfying the requirements of section 14.386, paragraph (a), clauses (1) to (3). The agency shall incorporate its findings and a brief statement of its supporting reasons in its order adopting, amending, or repealing the rule.

In review of the rule under section 14.386, the office of administrative hearings shall determine whether the agency has provided adequate justification for its use of this section.

Rules adopted, amended, or repealed under clauses (1) and (2) are effective for a period of two years from the date of publication of the rule in the State Register.

Rules adopted, amended, or repealed under clause (3) or (4) are effective upon publication in the State Register.

Sec. 30. Minnesota Statutes 1994, section 14.48, is amended to read:

14.48 [CREATION OF OFFICE OF ADMINISTRATIVE HEARINGS; CHIEF ADMINISTRATIVE LAW JUDGE APPOINTED; OTHER ADMINISTRATIVE LAW JUDGES APPOINTED.]

A state office of administrative hearings is created. The office shall be under the direction of a

chief administrative law judge who shall be learned in the law and appointed by the governor, with the advice and consent of the senate, for a term ending on June 30 of the sixth calendar year after appointment. Senate confirmation of the chief administrative law judge shall be as provided by section 15.066. The chief administrative law judge may hear cases and shall appoint additional administrative law judges and compensation judges to serve in the office as necessary to fulfill the duties prescribed in ~~sections 14.48 to 14.56~~ chapters 14 and ~~chapter~~ 176. The chief administrative law judge may delegate to a subordinate employee the exercise of a specified statutory power or duty as deemed advisable, subject to the control of the chief administrative law judge. Every delegation must be by written order filed with the secretary of state. All administrative law judges and compensation judges shall be in the classified service except that the chief administrative law judge shall be in the unclassified service, but may be removed only for cause. All administrative law judges shall have demonstrated knowledge of administrative procedures and shall be free of any political or economic association that would impair their ability to function officially in a fair and objective manner. All workers' compensation judges shall be learned in the law, shall have demonstrated knowledge of workers' compensation laws and shall be free of any political or economic association that would impair their ability to function officially in a fair and objective manner.

Sec. 31. Minnesota Statutes 1994, section 14.51, is amended to read:

14.51 [PROCEDURAL RULES ~~FOR HEARINGS~~.]

The chief administrative law judge shall adopt rules to govern: (1) the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings, contested case hearings, and workers' compensation hearings, and to govern the conduct of voluntary mediation sessions for rulemaking and contested cases other than those within the jurisdiction of the bureau of mediation services. ~~Temporary rulemaking authority is granted to the chief administrative law judge for the purpose of implementing Laws 1981, chapter 346, sections 2 to 6, 103 to 122, 127 to 135, and 141~~; and (2) the review of rules adopted without a public hearing. The procedural rules ~~for hearings~~ shall be binding upon all agencies and shall supersede any other agency procedural rules with which they may be in conflict. The procedural rules ~~for hearings~~ shall include in addition to normal procedural matters provisions relating to ~~recessing and reconvening new hearings~~ the procedure to be followed when the proposed final rule of an agency is substantially different, as determined under section 14.05, subdivision 2, from that which was proposed ~~at the public hearing~~. The procedural rules shall establish a procedure whereby the proposed final rule of an agency shall be reviewed by the chief administrative law judge ~~to determine whether or not a new hearing is required because~~ on the issue of ~~substantial changes~~ whether the proposed final rule of the agency is substantially different than that which was proposed or failure of the agency to meet the requirements of ~~sections 14.131 to 14.18~~ chapter 14. The rules must also provide: (1) an expedited procedure, consistent with section 14.001, clauses (1) to (5), for the adoption of substantially different rules by agencies; and (2) a procedure to allow an agency to receive prior binding approval of its plan regarding the additional notice contemplated under sections 14.101, 14.131, 14.14, 14.22, and 14.23. Upon the chief administrative law judge's own initiative or upon written request of an interested party, the chief administrative law judge may issue a subpoena for the attendance of a witness or the production of books, papers, records or other documents as are material to the matter being heard. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

Sec. 32. Minnesota Statutes 1994, section 16A.1285, subdivision 2, is amended to read:

Subd. 2. [POLICY.] Unless otherwise provided by law, specific charges falling within definitions stipulated in subdivision 1 must be set ~~in the manner prescribed in this subdivision provided that: (1) agencies, when setting, adjusting, or authorizing any charge for goods or services that are of direct, immediate, and primary benefit to an individual, business, or other nonstate entity, shall set the charges~~ at a level that neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services~~; or (2) that agencies, when setting, adjusting, or establishing regulatory, licensure, or other charges that are levied, in whole or in part, in the public interest shall recover, but are not limited to, the costs involved in performance and administration of the functions involved~~.

Unless specifically provided otherwise in statute, in setting, adjusting, or authorizing charges

that in whole or in part recover previously unrecovered costs, recovery is limited to those unrecovered costs incurred during the two fiscal years immediately preceding the setting, adjustment, or authorization.

Sec. 33. Minnesota Statutes 1994, section 16A.1285, subdivision 4, is amended to read:

Subd. 4. [RULEMAKING.] (a) Unless otherwise exempted or unless specifically set by law, all charges for goods and services, licenses, and regulation must be established or adjusted as provided in chapter 14; except that agencies may establish or adjust ~~individual~~ the following kinds of charges ~~when~~:

(1) charges for goods and services ~~are~~ provided for the direct and primary use of a private individual, business, or other similar entity;

(2) ~~charges are~~ nonrecurring charges;

(3) charges that would produce insignificant revenues;

(4) charges ~~are~~ billed within or between state agencies; ~~or~~

(5) charges ~~are~~ for admissions to or for use of public facilities operated by the state, if the charges are set according to prevailing market conditions to recover operating costs~~.~~

~~(b) In addition to the exceptions in paragraph (a), agencies may adjust charges, with the approval of the commissioner of finance, if the~~; or

(6) proposed adjustments to charges that are within consumer price level (CPI) ranges stipulated by the commissioner of finance~~, if the adjustments~~ and do not change the type or purpose of the item being adjusted.

~~(c) Any~~ (b) Departmental earnings changes or adjustments authorized by the commissioner of finance or listed in paragraph (a), clause (1), (5), or (6), must be reported by the commissioner of finance to the chairs of the senate committee on finance and the house ways and means committee before ~~August 1~~ November 30 of each year.

Sec. 34. Minnesota Statutes 1994, section 16A.1285, subdivision 5, is amended to read:

Subd. 5. [PROCEDURE.] The commissioner of finance shall review and comment on all departmental charges submitted ~~for approval~~ under chapter 14. The commissioner's comments and recommendations must be included in the statement of need and reasonableness and must address any fiscal and policy concerns raised during the review process.

Sec. 35. Minnesota Statutes 1994, section 17.84, is amended to read:

17.84 [DUTIES OF THE COMMISSIONER.]

Within 30 days of the receipt of the ~~notices~~ notice provided in section 17.82 ~~or 17.83~~, the commissioner shall review the agency's proposed action, shall negotiate with the agency, and shall recommend to the agency in writing the implementation either of the action as proposed or an alternative. In making recommendations, the commissioner shall follow the statement of policy contained in section 17.80. ~~If the proposed agency action is the adoption of a rule, the recommendation of the commissioner shall be made a part of the record in the rule hearing.~~ If the agency receives no response from the commissioner within 30 days, it shall be deemed a recommendation that the agency take the action as proposed.

Sec. 36. Minnesota Statutes 1994, section 18E.03, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION OF RESPONSE AND REIMBURSEMENT FEE.] (a) The commissioner shall determine the amount of the response and reimbursement fee under subdivision 4 after a public hearing~~, but notwithstanding section 16A.128,~~ based on:

(1) the amount needed to maintain an unencumbered balance in the account of $1,000,000;

(2) the amount estimated to be needed for responses to incidents as provided in subdivision 2, clauses (1) and (2); and

(3) the amount needed for payment and reimbursement under section 18E.04.

(b) The commissioner shall determine the response and reimbursement fee so that the total balance in the account does not exceed $5,000,000.

(c) Money from the response and reimbursement fee shall be deposited in the treasury and credited to the agricultural chemical response and reimbursement account.

Sec. 37. Minnesota Statutes 1994, section 43A.04, is amended by adding a subdivision to read:

Subd. 11. [TRAINING FOR AGENCY RULEMAKING STAFF.] The commissioner, in cooperation with the office of administrative hearings, the attorney general, the revisor of statutes, and experienced agency rulemaking staff, shall provide training to agency staff involved in rulemaking, including information about the availability of mediators through the office of administrative hearings.

The commissioner may charge agency staff a registration fee for attending this training. The fee must be set at a level that permits the commissioner to recover the costs, excluding costs of staff time for staff positions funded through general fund appropriations, of providing this training.

The office of administrative hearings, the attorney general, agencies involved in providing this training, and the revisor of statutes shall not assess the commissioner for the cost of staff time to conduct the training provided under this subdivision.

Sec. 38. Minnesota Statutes 1994, section 62N.05, is amended by adding a subdivision to read:

Subd. 4. [RECOVERY OF COSTS.] The provisions of section 16A.1285, subdivision 2, limiting recovery of costs to the two fiscal years immediately preceding the setting, adjustment, or authorization of fees do not apply to fees charged to entities licensed under this chapter. This subdivision expires June 30, 1999.

Sec. 39. Minnesota Statutes 1994, section 84.027, is amended by adding a subdivision to read:

Subd. 13. [GAME AND FISH RULES.] (a) The commissioner of natural resources may adopt rules under sections 97A.0451 to 97A.0459 and this subdivision that are authorized under:

(1) chapters 97A, 97B, and 97C to set open seasons and areas, to close seasons and areas, to select hunters for areas, to provide for tagging and registration of game, to prohibit or allow taking of wild animals to protect a species, and to prohibit or allow importation, transportation, or possession of a wild animal; and

(2) sections 84.093, 84.14, 84.15, and 84.152 to set seasons for harvesting wild ginseng roots and wild rice and to restrict or prohibit harvesting in designated areas.

Clause (2) does not limit or supersede the commissioner's authority to establish opening dates, days, and hours of the wild rice harvesting season under section 84.14, subdivision 3.

(b) If conditions exist that do not allow the commissioner to comply with sections 97A.0451 to 97A.0459, the commissioner may adopt a rule under this subdivision by submitting the rule to the attorney general for review under section 97A.0455, publishing a notice in the State Register and filing the rule with the secretary of state and the legislative commission to review administrative rules, and complying with section 97A.0459, and including a statement of the emergency conditions and a copy of the rule in the notice. The notice may be published after it is received from the attorney general or five business days after it is submitted to the attorney general, whichever is earlier.

(c) Rules adopted under paragraph (b) are effective upon publishing in the State Register and may be effective up to seven days before publishing and filing under paragraph (b), if:

(1) the commissioner of natural resources determines that an emergency exists;

(2) the attorney general approves the rule; and

(3) for a rule that affects more than three counties the commissioner publishes the rule once in a

legal newspaper published in Minneapolis, St. Paul, and Duluth, or for a rule that affects three or fewer counties the commissioner publishes the rule once in a legal newspaper in each of the affected counties.

(d) Except as provided in paragraph (e), a rule published under paragraph (c), clause (3), may not be effective earlier than seven days after publication.

(e) A rule published under paragraph (c), clause (3), may be effective the day the rule is published if the commissioner gives notice and holds a public hearing on the rule within 15 days before publication.

(f) The commissioner shall attempt to notify persons or groups of persons affected by rules adopted under paragraphs (b) and (c) by public announcements, posting, and other appropriate means as determined by the commissioner.

(g) Notwithstanding section 97A.0458, a rule adopted under this subdivision is effective for the period stated in the notice but not longer than 18 months after the rule is adopted.

Sec. 40. [97A.0451] [AUTHORITY FOR USE OF EMERGENCY RULES PROCEDURE; EXPIRATION OF AUTHORITY.]

Subdivision 1. [WHEN TO USE EMERGENCY RULEMAKING.] When the commissioner is directed by statute, federal law, or court order to adopt, amend, suspend, or repeal a rule in a manner that does not allow for compliance with sections 14.14 to 14.28, or if the commissioner is expressly required or authorized by statute to adopt emergency rules, the commissioner shall adopt emergency rules in accordance with sections 97A.0451 to 97A.0459.

Subd. 2. [180-DAY TIME LIMIT.] Unless the commissioner is directed by federal law or court order to adopt, amend, suspend, or repeal a rule in a manner that does not allow for compliance with sections 14.14 to 14.28, the commissioner may not adopt an emergency rule later than 180 days after the effective date of the statutory authority, except as provided in section 84.027, subdivision 13. If emergency rules are not adopted within the time allowed, the authority for the rules expires. The time limit of this section does not include any days used for review by the attorney general. If the 180-day period expires while the attorney general is reviewing the rule and the attorney general disapproves the rule, the commissioner may resubmit the rule to the attorney general after taking corrective action. The resubmission must occur within five working days after the commissioner receives written notice of disapproval. If the rule is again disapproved by the attorney general, it is withdrawn.

Sec. 41. [97A.0452] [NOTICE OF PROPOSED ADOPTION OF EMERGENCY RULE.]

The proposed emergency rule must be published with a notice of intent to adopt emergency rules in the State Register, and the same notice must be mailed to all persons registered with the commissioner to receive notice of any rulemaking proceedings. The notice must include a statement advising the public that a free copy of the proposed rule is available on request from the commissioner and that notice of the date of submission of the proposed emergency rule to the attorney general will be mailed to any person requesting to receive the notice. For at least 25 days after publication the commissioner shall afford all interested persons an opportunity to submit data and views on the proposed emergency rule in writing. The notice must also include the date on which the 25-day comment period ends.

Sec. 42. [97A.0453] [NOTICE TO COMMITTEES FOR FEES FIXED BY RULE.]

Before the commissioner submits notice to the State Register of intent to adopt emergency rules that establish or adjust fees, the commissioner shall comply with section 16A.128, subdivision 2a.

Sec. 43. [97A.0454] [MODIFICATIONS OF PROPOSED EMERGENCY RULE.]

The proposed emergency rule may be modified if the modifications are supported by the data and views submitted to the commissioner.

Sec. 44. [97A.0455] [SUBMISSION OF PROPOSED EMERGENCY RULE TO ATTORNEY GENERAL.]

Subdivision 1. [SUBMISSION.] The commissioner shall submit to the attorney general the proposed emergency rule as published, with any modifications. On the same day that it is submitted, the commissioner shall mail notice of the submission to all persons who requested to be informed that the proposed emergency rule has been submitted to the attorney general. If the proposed emergency rule has been modified, the notice must state that fact, and must state that a free copy of the proposed emergency rule, as modified, is available upon request from the commissioner.

Subd. 2. [REVIEW.] The attorney general shall review the proposed emergency rule as to its legality, review its form to the extent the form relates to legality, and shall approve or disapprove the proposed emergency rule and any modifications on the tenth working day following the date of receipt of the proposed emergency rule from the commissioner. The attorney general shall send a statement of reasons for disapproval of the rule to the commissioner, the chief administrative law judge, the legislative commission to review administrative rules, and to the revisor of statutes.

The attorney general shall disregard any error or defect in the proceeding due to the commissioner's failure to satisfy any procedural requirement imposed by law or rule if the attorney general finds:

(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or

(2) that the commissioner has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.

Subd. 3. [COSTS.] The attorney general shall assess the commissioner for the actual cost of processing rules under this section. The commissioner shall include in the department's budget money to pay the attorney general's assessment. Receipts from the assessment must be deposited in the state treasury and credited to the general fund.

Sec. 45. [97A.0456] [EFFECTIVE DATE OF EMERGENCY RULE.]

The emergency rule takes effect five working days after approval by the attorney general. The attorney general shall file two copies of the approved emergency rule with the secretary of state. The secretary of state shall forward one copy of each approved and filed emergency rule to the revisor of statutes. Failure of the attorney general to approve or disapprove a proposed emergency rule within ten working days is approval.

Sec. 46. [97A.0457] [PUBLICATION OF APPROVAL.]

As soon as practicable, notice of the attorney general's decision must be published in the State Register and the adopted rule must be published in the manner as provided for adopted rules in section 14.18.

Sec. 47. [97A.0458] [EFFECTIVE PERIOD OF EMERGENCY RULE.]

Emergency rules adopted under sections 97A.0451 to 97A.0459 shall be effective for the period stated in the notice of intent to adopt emergency rules which may not be longer than 180 days. The emergency rules may be continued in effect for an additional period of up to 180 days if the commissioner gives notice of continuation by publishing notice in the State Register and mailing the same notice to all persons registered with the commissioner to receive notice of any rulemaking proceedings. The continuation is not effective until these notices have been mailed. No emergency rule may remain in effect on a date 361 days after its original effective date. The emergency rules may not be continued in effect after 360 days without following the procedure of sections 14.14 to 14.28.

Sec. 48. [97A.0459] [APPROVAL OF FORM OF EMERGENCY RULE.]

No approved emergency rule shall be filed with the secretary of state or published in the State Register unless the revisor of statutes has certified that the emergency rule's form is approved.

Sec. 49. Minnesota Statutes 1994, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. [PERMIT FEES.] (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of reviewing and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. The agency shall adopt rules under section 16A.128 establishing the amounts and methods of collection of any permit fees collected under this subdivision. The fee schedule must reflect reasonable and routine permitting, implementation, and enforcement costs. The agency may impose an additional enforcement fee to be collected for a period of up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Any money collected under this paragraph shall be deposited in the special revenue account.

(b) Notwithstanding paragraph (a), ~~and section 16A.128, subdivision 1,~~ the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to the requirement to obtain a permit under Title V of the federal Clean Air Act Amendments of 1990, Public Law Number 101-549, Statutes at Large, volume 104, pages 2399 et seq., or section 116.081. The annual fee shall be used to pay for all direct and indirect reasonable costs, including attorney general costs, required to develop and administer the permit program requirements of Title V of the federal Clean Air Act Amendments of 1990, Public Law Number 101-549, Statutes at Large, volume 104, pages 2399 et seq., and sections of this chapter and the rules adopted under this chapter related to air contamination and noise. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; providing information to the public about these activities; and, after June 30, 1992, the costs of acid deposition monitoring currently assessed under section 116C.69, subdivision 3.

(c) The agency shall adopt fee rules in accordance with the procedures in section ~~16A.128, subdivisions 1a and 2a,~~ 16A.1285 that will result in the collection, in the aggregate, from the sources listed in paragraph (b), of the following amounts:

(1) in fiscal years 1992 and 1993, the amount appropriated by the legislature from the air quality account in the environmental fund for the agency's air quality program;

(2) for fiscal year 1994 and thereafter, an amount not less than $25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated; and

(3) for fiscal year 1994 and thereafter, the agency fee rules may also result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than $25 per ton of each pollutant not listed in clause (2) that is regulated under Minnesota Rules, chapter 7005, or for which a state primary ambient air quality standard has been adopted.

The agency must not include in the calculation of the aggregate amount to be collected under the fee rules any amount in excess of 4,000 tons per year of each air pollutant from a source.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year beginning after fiscal year 1993 by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 shall be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in an air quality account in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Persons who wish to construct or expand an air emission facility may offer to reimburse the agency for the costs of staff overtime or consultant services needed to expedite permit review. The reimbursement shall be in addition to fees imposed by paragraphs (a) to (d). When the agency determines that it needs additional resources to review the permit application in an expedited manner, and that expediting the review would not disrupt air permitting program priorities, the agency may accept the reimbursement. Reimbursements accepted by the agency are appropriated to the agency for the purpose of reviewing the permit application. Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit and shall not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations.

Sec. 50. Minnesota Statutes 1994, section 144.98, subdivision 3, is amended to read:

Subd. 3. [FEES.] (a) An application for certification under subdivision 1 must be accompanied by the annual fee specified in this subdivision. The fees are for:

(1) base certification fee, $250; and

(2) test category certification fees:

Test Category	Certification Fee
Bacteriology	$100
Inorganic chemistry, fewer than four constituents	$ 50
Inorganic chemistry, four or more constituents	$150
Chemistry metals, fewer than four constituents	$100
Chemistry metals, four or more constituents	$250
Volatile organic compounds	$300
Other organic compounds	$300

(b) The total annual certification fee is the base fee plus the applicable test category fees. The annual certification fee for a contract laboratory is 1.5 times the total certification fee.

(c) Laboratories located outside of this state that require an on-site survey will be assessed an additional $1,200 fee.

(d) The commissioner of health may adjust fees under section ~~16A.128, subdivision 2~~ 16A.1285 without rulemaking. Fees must be set so that the total fees support the laboratory certification program. Direct costs of the certification service include program administration, inspections, the agency's general support costs, and attorney general costs attributable to the fee function.

Sec. 51. Minnesota Statutes 1994, section 221.0335, is amended to read:

221.0335 [HAZARDOUS MATERIALS TRANSPORTATION REGISTRATION; FEES.]

A person required to file a registration statement under section 106(c) of the federal Hazardous Materials Transportation Safety Act of 1990 may not transport a hazardous material unless the person files an annual hazardous materials registration statement with the commissioner and pays a fee. The commissioner shall adopt rules to implement this section, including administration of the registration program and establishing registration fees. A fee may not exceed a person's annual registration fee under the federal act. Fees must be set in accordance with section ~~16A.128, subdivision 1a,~~ 16A.1285 to cover the costs of administering and enforcing this section and the costs of hazardous materials incident response capability under sections 299A.48 to 299A.52 and 299K.095. All fees collected under this section must be deposited in the general fund.

Sec. 52. Minnesota Statutes 1994, section 326.2421, subdivision 3, is amended to read:

Subd. 3. [ALARM AND COMMUNICATION CONTRACTOR'S LICENSES.] No person may lay out, install, maintain, or repair alarm and communication systems, unless the person is licensed as an alarm and communication contractor under this subdivision, or is a licensed electrical contractor under section 326.242, subdivision 6, or is an employee of the contractor. The board of electricity shall issue an alarm and communication contractor's license to any individual,

corporation, partnership, sole proprietorship, or other business entity that provides adequate proof that a bond and insurance in the amounts required by section 326.242, subdivision 6, have been obtained by the applicant. The board ~~may initially~~ shall set license fees ~~without rulemaking,~~ pursuant to section ~~16A.128~~ 16A.1285. Installation of alarm and communication systems are subject to inspection and inspection fees as provided in section 326.244, subdivision 1a.

Sec. 53. Minnesota Statutes 1994, section 341.10, is amended to read:

341.10 [LICENSE FEES.]

The board shall have authority to collect and require the payment of a license fee in an amount set by the board from the owners of franchises or licenses. ~~Notwithstanding section 16A.128, subdivision 1a,~~ The fee is not subject to approval by the commissioner of finance and need not recover all costs. The board shall require the payment of the fee at the time of the issuance of the license or franchise to the owner. The moneys so derived shall be collected by the board and paid to the state treasurer. The board shall have authority to license all boxers, managers, seconds, referees and judges and may require them to pay a license fee. All moneys collected by the board from such licenses shall be paid to the state treasurer.

Sec. 54. [APPROPRIATION.]

(a) $35,000 is appropriated from the general fund to the administrative hearings account in Minnesota Statutes, section 14.54, for the purposes of section 55. The appropriation is available until spent and must be reimbursed to the general fund by June 30, 1997.

(b) The office of the attorney general shall transfer $15,000 in fiscal year 1996 to the office of administrative hearings.

Sec. 55. [TRANSFER OF RULE REVIEW AUTHORITY.]

(a) The rule review duties of the office of the attorney general are transferred to the office of administrative hearings on January 1, 1996. Minnesota Statutes, section 15.039, does not apply to this transfer.

(b) Proposed rules for which a notice under Minnesota Statutes, section 14.22 or 14.30, has been published in the State Register before January 1, 1996, shall continue to be reviewed by the attorney general under the rule review authority transferred by this article and are governed by Minnesota Statutes 1994, chapter 14, and Minnesota Rules, chapter 2010.

(c) Except as otherwise provided in paragraph (b), Minnesota Rules, chapter 2010, shall be enforced by the office of administrative hearings until it is amended or repealed by that office.

Sec. 56. [REVISOR INSTRUCTION.]

The revisor of statutes shall correct or remove the references in Minnesota Statutes and Minnesota Rules to the statutory sections repealed in this article.

The revisor of statutes shall change the terms "office of attorney general," "attorney general," or similar terms to "office of administrative hearings," "chief administrative law judge," "administrative law judge," or similar terms in Minnesota Rules, chapter 2010, to reflect the intent of the legislature to transfer the attorney general's rule review functions in the manner provided in this article.

Sec. 57. [REPEALER.]

(a) Minnesota Statutes 1994, sections 3.846; 14.11; 14.115; 14.12; 14.1311; 14.235; and 17.83, are repealed.

(b) Minnesota Statutes 1994, sections 14.29; 14.30; 14.305; 14.31; 14.32; 14.33; 14.34; 14.35; and 14.36, are repealed.

(c) Minnesota Statutes 1994, section 14.10, is repealed.

Sec. 58. [EFFECTIVE DATE.]

Sections 1 to 3; 5; 7; 8; 11; 16; 28; 35; 57, paragraph (c); and the rulemaking authority granted in sections 27 and 31 are effective the day following final enactment. Section 12 applies to laws authorizing or requiring rulemaking that are finally enacted after January 1, 1996. Section 32 is effective for costs incurred after June 30, 1995. Sections 4, 33, 34, 36, and 49 to 54 are effective July 1, 1995. The remainder of the article is effective January 1, 1996.

ARTICLE 3

Section 1. [REPEALER; DEPARTMENT OF AGRICULTURE.]

Minnesota Rules, parts 1540.0010, subparts 12, 18, 21, 22, and 24; 1540.0060; 1540.0070; 1540.0080; 1540.0100; 1540.0110; 1540.0120; 1540.0130; 1540.0140; 1540.0150; 1540.0160; 1540.0170; 1540.0180; 1540.0190; 1540.0200; 1540.0210; 1540.0220; 1540.0230; 1540.0240; 1540.0260; 1540.0320; 1540.0330; 1540.0340; 1540.0350; 1540.0370; 1540.0380; 1540.0390; 1540.0400; 1540.0410; 1540.0420; 1540.0440; 1540.0450; 1540.0460; 1540.0490; 1540.0500; 1540.0510; 1540.0520; 1540.0770; 1540.0780; 1540.0800; 1540.0810; 1540.0830; 1540.0880; 1540.0890; 1540.0900; 1540.0910; 1540.0920; 1540.0930; 1540.0940; 1540.0950; 1540.0960; 1540.0970; 1540.0980; 1540.0990; 1540.1000; 1540.1005; 1540.1010; 1540.1020; 1540.1030; 1540.1040; 1540.1050; 1540.1060; 1540.1070; 1540.1080; 1540.1090; 1540.1100; 1540.1110; 1540.1120; 1540.1130; 1540.1140; 1540.1150; 1540.1160; 1540.1170; 1540.1180; 1540.1190; 1540.1200; 1540.1210; 1540.1220; 1540.1230; 1540.1240; 1540.1250; 1540.1255; 1540.1260; 1540.1280; 1540.1290; 1540.1300; 1540.1310; 1540.1320; 1540.1330; 1540.1340; 1540.1350; 1540.1360; 1540.1380; 1540.1400; 1540.1410; 1540.1420; 1540.1430; 1540.1440; 1540.1450; 1540.1460; 1540.1470; 1540.1490; 1540.1500; 1540.1510; 1540.1520; 1540.1530; 1540.1540; 1540.1550; 1540.1560; 1540.1570; 1540.1580; 1540.1590; 1540.1600; 1540.1610; 1540.1620; 1540.1630; 1540.1640; 1540.1650; 1540.1660; 1540.1670; 1540.1680; 1540.1690; 1540.1700; 1540.1710; 1540.1720; 1540.1730; 1540.1740; 1540.1750; 1540.1760; 1540.1770; 1540.1780; 1540.1790; 1540.1800; 1540.1810; 1540.1820; 1540.1830; 1540.1840; 1540.1850; 1540.1860; 1540.1870; 1540.1880; 1540.1890; 1540.1900; 1540.1905; 1540.1910; 1540.1920; 1540.1930; 1540.1940; 1540.1950; 1540.1960; 1540.1970; 1540.1980; 1540.1990; 1540.2000; 1540.2010; 1540.2015; 1540.2020; 1540.2090; 1540.2100; 1540.2110; 1540.2120; 1540.2180; 1540.2190; 1540.2200; 1540.2210; 1540.2220; 1540.2230; 1540.2240; 1540.2250; 1540.2260; 1540.2270; 1540.2280; 1540.2290; 1540.2300; 1540.2310; 1540.2320; 1540.2325; 1540.2330; 1540.2340; 1540.2350; 1540.2360; 1540.2370; 1540.2380; 1540.2390; 1540.2400; 1540.2410; 1540.2420; 1540.2430; 1540.2440; 1540.2450; 1540.2490; 1540.2500; 1540.2510; 1540.2530; 1540.2540; 1540.2550; 1540.2560; 1540.2570; 1540.2580; 1540.2590; 1540.2610; 1540.2630; 1540.2640; 1540.2650; 1540.2660; 1540.2720; 1540.2730; 1540.2740; 1540.2760; 1540.2770; 1540.2780; 1540.2790; 1540.2800; 1540.2810; 1540.2820; 1540.2830; 1540.2840; 1540.3420; 1540.3430; 1540.3440; 1540.3450; 1540.3460; 1540.3470; 1540.3560; 1540.3600; 1540.3610; 1540.3620; 1540.3630; 1540.3700; 1540.3780; 1540.3960; 1540.3970; 1540.3980; 1540.3990; 1540.4000; 1540.4010; 1540.4020; 1540.4030; 1540.4040; 1540.4080; 1540.4190; 1540.4200; 1540.4210; 1540.4220; 1540.4320; 1540.4330; and 1540.4340, are repealed.

Sec. 2. [REPEALER; DEPARTMENT OF COMMERCE.]

Minnesota Rules, parts 2642.0120, subpart 1; 2650.0100; 2650.0200; 2650.0300; 2650.0400; 2650.0500; 2650.0600; 2650.1100; 2650.1200; 2650.1300; 2650.1400; 2650.1500; 2650.1600; 2650.1700; 2650.1800; 2650.1900; 2650.2000; 2650.2100; 2650.3100; 2650.3200; 2650.3300; 2650.3400; 2650.3500; 2650.3600; 2650.3700; 2650.3800; 2650.3900; 2650.4000; 2650.4100; 2655.1000; 2660.0070; and 2770.7400, are repealed.

Sec. 3. [REPEALER; DEPARTMENT OF HEALTH.]

Minnesota Rules, part 4610.2210, is repealed.

Sec. 4. [REPEALER; DEPARTMENT OF HUMAN SERVICES.]

Minnesota Rules, parts 9540.0100; 9540.0200; 9540.0300; 9540.0400; 9540.0500; 9540.1000; 9540.1100; 9540.1200; 9540.1300; 9540.1400; 9540.1500; 9540.2000; 9540.2100; 9540.2200; 9540.2300; 9540.2400; 9540.2500; 9540.2600; and 9540.2700, are repealed.

Sec. 5. [REPEALER; POLLUTION CONTROL AGENCY.]

Minnesota Rules, parts 7002.0410; 7002.0420; 7002.0430; 7002.0440; 7002.0450; 7002.0460; 7002.0470; 7002.0480; 7002.0490; 7047.0010; 7047.0020; 7047.0030; 7047.0040; 7047.0050; 7047.0060; 7047.0070; 7100.0300; 7100.0310; 7100.0320; 7100.0330; 7100.0335; 7100.0340; and 7100.0350, are repealed.

Sec. 6. [REPEALER; DEPARTMENT OF PUBLIC SAFETY.]

Minnesota Rules, parts 7510.6100; 7510.6200; 7510.6300; 7510.6350; 7510.6400; 7510.6500; 7510.6600; 7510.6700; 7510.6800; 7510.6900; and 7510.6910, are repealed.

Sec. 7. [REPEALER; DEPARTMENT OF PUBLIC SERVICE.]

Minnesota Rules, parts 7600.0100; 7600.0200; 7600.0300; 7600.0400; 7600.0500; 7600.0600; 7600.0700; 7600.0800; 7600.0900; 7600.1000; 7600.1100; 7600.1200; 7600.1300; 7600.1400; 7600.1500; 7600.1600; 7600.1700; 7600.1800; 7600.1900; 7600.2000; 7600.2100; 7600.2200; 7600.2300; 7600.2400; 7600.2500; 7600.2600; 7600.2700; 7600.2800; 7600.2900; 7600.3000; 7600.3100; 7600.3200; 7600.3300; 7600.3400; 7600.3500; 7600.3600; 7600.3700; 7600.3800; 7600.3900; 7600.4000; 7600.4100; 7600.4200; 7600.4300; 7600.4400; 7600.4500; 7600.4600; 7600.4700; 7600.4800; 7600.4900; 7600.5000; 7600.5100; 7600.5200; 7600.5300; 7600.5400; 7600.5500; 7600.5600; 7600.5700; 7600.5800; 7600.5900; 7600.6000; 7600.6100; 7600.6200; 7600.6300; 7600.6400; 7600.6500; 7600.6600; 7600.6700; 7600.6800; 7600.6900; 7600.7000; 7600.7100; 7600.7200; 7600.7210; 7600.7300; 7600.7400; 7600.7500; 7600.7600; 7600.7700; 7600.7750; 7600.7800; 7600.7900; 7600.8100; 7600.8200; 7600.8300; 7600.8400; 7600.8500; 7600.8600; 7600.8700; 7600.8800; 7600.8900; 7600.9000; 7600.9100; 7600.9200; 7600.9300; 7600.9400; 7600.9500; 7600.9600; 7600.9700; 7600.9800; 7600.9900; 7625.0100; 7625.0110; 7625.0120; 7625.0200; 7625.0210; 7625.0220; and 7625.0230, are repealed.

Sec. 8. [REPEALER; DEPARTMENT OF REVENUE.]

Minnesota Rules, parts 8120.1100, subpart 3; 8121.0500, subpart 2; 8130.9912; 8130.9913; 8130.9916; 8130.9920; 8130.9930; 8130.9956; 8130.9958; 8130.9968; 8130.9972; 8130.9980; and 8130.9992, are repealed.

ARTICLE 4

Section 1. Minnesota Rules, part 1540.2140, is amended to read:

1540.2140 DISPOSITION OF CONDEMNED MEAT OR PRODUCT AT OFFICIAL ESTABLISHMENTS HAVING NO TANKING FACILITIES.

Any carcass or product condemned at an official establishment which has no facilities for tanking shall be denatured with crude carbolic acid, cresylic disinfectant, or other prescribed agent, or be destroyed by incineration under the supervision of a department employee. When such carcass or product is not incinerated it shall be slashed freely with a knife, before the denaturing agent is applied.

Carcasses and products condemned on account of anthrax, ~~and the materials identified in parts 1540.1300 to 1540.1360,~~ which are derived therefrom at establishments which are not equipped with tanking facilities shall be disposed of by complete incineration, or by thorough denaturing with a prescribed denaturant, and then disposed of in accordance with the requirements of the Board of Animal Health, who shall be notified immediately by the inspector in charge.

Sec. 2. Minnesota Rules, part 7001.0140, subpart 2, is amended to read:

Subp. 2. **Agency findings.** The following findings by the agency constitute justification for the agency to refuse to issue a new or modified permit, to refuse permit reissuance, or to revoke a permit without reissuance:

A. that with respect to the facility or activity to be permitted, the proposed permittee or permittees will not comply with all applicable state and federal pollution control statutes and rules administered by the agency, or conditions of the permit;

B. that there exists at the facility to be permitted unresolved noncompliance with applicable state and federal pollution control statutes and rules administered by the agency, or conditions of

the permit and that the permittee will not undertake a schedule of compliance to resolve the noncompliance;

C. that the permittee has failed to disclose fully all facts relevant to the facility or activity to be permitted, or that the permittee has submitted false or misleading information to the agency or to the commissioner;

D. that the permitted facility or activity endangers human health or the environment and that the danger cannot be removed by a modification of the conditions of the permit;

E. that all applicable requirements of Minnesota Statutes, chapter 116D and the rules adopted under Minnesota Statutes, chapter 116D have not been fulfilled;

F. that with respect to the facility or activity to be permitted, the proposed permittee has not complied with any requirement under parts 7002.0210 to 7002.0310~~, 7002.0410 to 7002.0490,~~ or chapter 7046 to pay fees; or

G. that with respect to the facility or activity to be permitted, the proposed permittee has failed to pay a penalty owed under Minnesota Statutes, section 116.072.

Sec. 3. Minnesota Rules, part 7001.0180, is amended to read:

7001.0180 JUSTIFICATION TO COMMENCE REVOCATION WITHOUT REISSUANCE OF PERMIT.

The following constitute justification for the commissioner to commence proceedings to revoke a permit without reissuance:

A. existence at the permitted facility of unresolved noncompliance with applicable state and federal pollution statutes and rules or a condition of the permit, and refusal of the permittee to undertake a schedule of compliance to resolve the noncompliance;

B. the permittee fails to disclose fully the facts relevant to issuance of the permit or submits false or misleading information to the agency or to the commissioner;

C. the commissioner finds that the permitted facility or activity endangers human health or the environment and that the danger cannot be removed by a modification of the conditions of the permit;

D. the permittee has failed to comply with any requirement under parts 7002.0210 to 7002.0310~~, 7002.0410 to 7002.0490,~~ or chapter 7046 to pay fees; or

E. the permittee has failed to pay a penalty owed under Minnesota Statutes, section 116.072.

Sec. 4. Minnesota Rules, part 8130.3500, subpart 3, is amended to read:

Subp. 3. **Motor carrier direct pay certificate.** A motor carrier direct pay certificate will be issued to qualified electing carriers by the commissioner of revenue and will be effective as of the date shown on the certificate. ~~A facsimile of the authorized motor carrier direct pay certificate is reproduced at part 8130.9958.~~

Sec. 5. Minnesota Rules, part 8130.6500, subpart 5, is amended to read:

Subp. 5. **Sale of aircraft.** When the dealer sells the aircraft, the selling price must be included in gross sales. The fact that the aircraft commercial use permit has not expired or that the dealer has reported and paid use tax on the aircraft has no effect on the taxability of the sale. The dealer must return the aircraft commercial use permit (unless previously returned) when the dealer files the sales and use tax return for the month in which the sale was made. No credit or refund is given for the $20 fee originally paid.

~~A facsimile of the authorized aircraft commercial use permit is reproduced at part 8130.9992.~~"

Delete the title and insert:

"A bill for an act relating to state government; requiring notice to the commissioner of agriculture and certain other actions before an agency adopts or repeals rules that affect farming operations; providing for development of best management practices for feedlots; changing requirements for animal feedlot permits and sewage treatment system licenses; allowing composting of sheep carcasses; regulating administrative rulemaking; revising the procedures for the adoption and review of agency rules; requiring fees to cover costs; making technical changes; appropriating money; amending Minnesota Statutes 1994, sections 3.842, subdivisions 2, 4, and by adding a subdivision; 4A.05, subdivision 2; 14.04; 14.05, subdivision 2, and by adding a subdivision; 14.06; 14.08; 14.09; 14.131; 14.14, subdivision 1a, and by adding a subdivision; 14.15, subdivisions 3 and 4; 14.16, subdivision 1; 14.18, subdivision 1; 14.19; 14.22, subdivision 1; 14.23; 14.24; 14.25; 14.26; 14.365; 14.48; 14.51; 16A.1285, subdivisions 2, 4, and 5; 17.138, by adding a subdivision; 17.84; 18E.03, subdivision 3; 35.82, subdivision 2; 43A.04, by adding a subdivision; 62N.05, by adding a subdivision; 84.027, by adding a subdivision; 115.55, subdivision 2; 115.56, subdivision 2; 116.07, subdivisions 4, 4d, and 7; 144.98, subdivision 3; 221.0335; 326.2421, subdivision 3; and 341.10; Minnesota Rules, parts 1540.2140; 7001.0140, subpart 2; 7001.0180; 8130.3500, subpart 3; and 8130.6500, subpart 5; proposing coding for new law in Minnesota Statutes, chapters 14; and 97A; repealing Minnesota Statutes 1994, sections 3.846; 14.10; 14.11; 14.115; 14.12; 14.1311; 14.235; 14.29; 14.30; 14.305; 14.31; 14.32; 14.33; 14.34; 14.35; 14.36; and 17.83; Minnesota Rules, chapters 2650; 7047; 7600; 7625; and 9540; Minnesota Rules, parts 1540.0010, subparts 12, 18, 21, 22, and 24; 1540.0060; 1540.0070; 1540.0080; 1540.0100; 1540.0110; 1540.0120; 1540.0130; 1540.0140; 1540.0150; 1540.0160; 1540.0170; 1540.0180; 1540.0190; 1540.0200; 1540.0210; 1540.0220; 1540.0230; 1540.0240; 1540.0260; 1540.0320; 1540.0330; 1540.0340; 1540.0350; 1540.0370; 1540.0380; 1540.0390; 1540.0400; 1540.0410; 1540.0420; 1540.0440; 1540.0450; 1540.0460; 1540.0490; 1540.0500; 1540.0510; 1540.0520; 1540.0770; 1540.0780; 1540.0800; 1540.0810; 1540.0830; 1540.0880; 1540.0890; 1540.0900; 1540.0910; 1540.0920; 1540.0930; 1540.0940; 1540.0950; 1540.0960; 1540.0970; 1540.0980; 1540.0990; 1540.1000; 1540.1005; 1540.1010; 1540.1020; 1540.1030; 1540.1040; 1540.1050; 1540.1060; 1540.1070; 1540.1080; 1540.1090; 1540.1100; 1540.1110; 1540.1120; 1540.1130; 1540.1140; 1540.1150; 1540.1160; 1540.1170; 1540.1180; 1540.1190; 1540.1200; 1540.1210; 1540.1220; 1540.1230; 1540.1240; 1540.1250; 1540.1255; 1540.1260; 1540.1280; 1540.1290; 1540.1300; 1540.1310; 1540.1320; 1540.1330; 1540.1340; 1540.1350; 1540.1360; 1540.1380; 1540.1400; 1540.1410; 1540.1420; 1540.1430; 1540.1440; 1540.1450; 1540.1460; 1540.1470; 1540.1490; 1540.1500; 1540.1510; 1540.1520; 1540.1530; 1540.1540; 1540.1550; 1540.1560; 1540.1570; 1540.1580; 1540.1590; 1540.1600; 1540.1610; 1540.1620; 1540.1630; 1540.1640; 1540.1650; 1540.1660; 1540.1670; 1540.1680; 1540.1690; 1540.1700; 1540.1710; 1540.1720; 1540.1730; 1540.1740; 1540.1750; 1540.1760; 1540.1770; 1540.1780; 1540.1790; 1540.1800; 1540.1810; 1540.1820; 1540.1830; 1540.1840; 1540.1850; 1540.1860; 1540.1870; 1540.1880; 1540.1890; 1540.1900; 1540.1905; 1540.1910; 1540.1920; 1540.1930; 1540.1940; 1540.1950; 1540.1960; 1540.1970; 1540.1980; 1540.1990; 1540.2000; 1540.2010; 1540.2015; 1540.2020; 1540.2090; 1540.2100; 1540.2110; 1540.2120; 1540.2180; 1540.2190; 1540.2200; 1540.2210; 1540.2220; 1540.2230; 1540.2240; 1540.2250; 1540.2260; 1540.2270; 1540.2280; 1540.2290; 1540.2300; 1540.2310; 1540.2320; 1540.2325; 1540.2330; 1540.2340; 1540.2350; 1540.2360; 1540.2370; 1540.2380; 1540.2390; 1540.2400; 1540.2410; 1540.2420; 1540.2430; 1540.2440; 1540.2450; 1540.2490; 1540.2500; 1540.2510; 1540.2530; 1540.2540; 1540.2550; 1540.2560; 1540.2570; 1540.2580; 1540.2590; 1540.2610; 1540.2630; 1540.2640; 1540.2650; 1540.2660; 1540.2720; 1540.2730; 1540.2740; 1540.2760; 1540.2770; 1540.2780; 1540.2790; 1540.2800; 1540.2810; 1540.2820; 1540.2830; 1540.2840; 1540.3420; 1540.3430; 1540.3440; 1540.3450; 1540.3460; 1540.3470; 1540.3560; 1540.3600; 1540.3610; 1540.3620; 1540.3630; 1540.3700; 1540.3780; 1540.3960; 1540.3970; 1540.3980; 1540.3990; 1540.4000; 1540.4010; 1540.4020; 1540.4030; 1540.4040; 1540.4080; 1540.4190; 1540.4200; 1540.4210; 1540.4220; 1540.4320; 1540.4330; 1540.4340; 2642.0120, subpart 1; 2655.1000; 2660.0070; 2770.7400; 4610.2210; 7002.0410 to 7002.0490; 7100.0300 to 7100.0350; 7510.6100 to 7510.6910; 8120.1100, subpart 3; 8121.0500, subpart 2; and 8130.9912 to 8130.9992."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Ken Otremba, Loren Jennings, Jim Farrell, Jim Knoblach

Senate Conferees: (Signed) Dallas C. Sams, John C. Hottinger, James P. Metzen, Steve Dille, Don Betzold

Mr. Sams moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1478 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1478 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Neuville	Samuelson
Beckman	Frederickson	Kroening	Oliver	Scheevel
Belanger	Hanson	Laidig	Olson	Solon
Berg	Hottinger	Langseth	Ourada	Spear
Berglin	Janezich	Lesewski	Pariseau	Stevens
Bertram	Johnson, D.E.	Lessard	Piper	Stumpf
Betzold	Johnson, J.B.	Limmer	Pogemiller	Terwilliger
Chandler	Johnston	Marty	Price	Vickerman
Chmielewski	Kelly	Merriam	Ranum	Wiener
Cohen	Kiscaden	Metzen	Riveness	
Day	Kleis	Moe, R.D.	Robertson	
Dille	Knutson	Morse	Runbeck	
Finn	Kramer	Murphy	Sams	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 579 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 579

A bill for an act relating to commerce; regulating charitable organizations; regulating filing statement; appropriating money; amending Minnesota Statutes 1994, sections 309.501, subdivision 1; 309.52, subdivisions 2 and 7; 309.53, subdivisions 1, 2, 3, and 8; 309.531, subdivisions 1 and 4; 309.54, subdivision 1; 309.556, subdivision 1; 501B.36; 501B.37, subdivision 2, and by adding a subdivision; and 501B.38; repealing Minnesota Statutes 1994, sections 309.53, subdivision 1a.

May 19, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 579, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment and that S.F. No. 579 be further amended as follows:

Page 6, line 1, of the House amendment, after the period, insert "On July 1, 1997, and thereafter, the charitable organization shall begin disclosure of the total compensation of the five highest paid directors, officers, and employees of any related organization if the related organization receives funds from the charitable organization."

Page 11, of the House amendment, delete lines 10 to 12 and insert:

"$75,000 for fiscal year 1996 and $75,000 for fiscal year 1997 is appropriated from the general fund to the attorney general for the purpose of sections 1 to 15."

Page 11, of the House amendment, delete lines 16 and 17

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Kevin M. Chandler, John C. Hottinger, William V. Belanger, Jr.

House Conferees: (Signed) Matt Entenza, Robert Leighton, Steve Smith

Mr. Chandler moved that the foregoing recommendations and Conference Committee Report on S.F. No. 579 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 579 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 55 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Knutson	Moe, R.D.	Reichgott Junge
Beckman	Finn	Krentz	Morse	Riveness
Belanger	Flynn	Kroening	Murphy	Robertson
Berg	Frederickson	Laidig	Neuville	Runbeck
Berglin	Hanson	Langseth	Olson	Sams
Bertram	Hottinger	Larson	Ourada	Solon
Betzold	Janezich	Lessard	Pariseau	Spear
Chandler	Johnson, D.E.	Limmer	Piper	Stevens
Chmielewski	Johnson, J.B.	Marty	Pogemiller	Stumpf
Cohen	Johnston	Merriam	Price	Vickerman
Day	Kelly	Metzen	Ranum	Wiener

Those who voted in the negative were:

Kiscaden	Kramer	Oliver	Scheevel	Terwilliger
Kleis	Lesewski	Samuelson		

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 462 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 462

A bill for an act relating to the environment; implementing the transfer of solid waste management duties of the metropolitan council to the office of environmental assistance; providing for the management of waste; providing penalties; amending Minnesota Statutes 1992, section 115A.33, as reenacted; Minnesota Statutes 1994, sections 8.31, subdivision 1; 16B.122, subdivision 3; 115.071, subdivision 1; 115A.055; 115A.07, subdivision 3; 115A.072, subdivisions 1, 3, and 4; 115A.12; 115A.14, subdivision 4; 115A.15, subdivision 9; 115A.191, subdivisions 1 and 2; 115A.32; 115A.411; 115A.42; 115A.45; 115A.46, subdivisions 1 and 5; 115A.55, by adding a subdivision; 115A.5501, subdivisions 2, 3, and 4; 115A.5502; 115A.551, subdivisions 2a, 4, 5, 6, and 7; 115A.554; 115A.557, subdivisions 3 and 4; 115A.558; 115A.63, subdivision 3; 115A.84, subdivision 3; 115A.86, subdivision 2; 115A.919, subdivision 3; 115A.921, subdivision 1; 115A.923, subdivision 1; 115A.9302, subdivisions 1 and 2; 115A.951, subdivision 4; 115A.96, subdivision 2; 115A.965, subdivision 1; 115A.9651, subdivision 3; 115A.97, subdivisions 5 and 6; 115A.981, subdivision 3; 116.07, subdivisions 4a and 4j; 116.072; 116.66, subdivisions 2 and 4; 116.92, subdivision 4; 400.16; 400.161; 473.149, subdivisions 1, 2d, 2e, 3, 4, and 6; 473.151;

473.516, subdivision 2; 473.801, subdivision 1, and by adding subdivisions; 473.8011; 473.803, subdivisions 1, 1c, 2, 2a, 3, 4, and 5; 473.804; 473.811, subdivisions 1, 4a, 5, 5c, 7, and 8; 473.813, subdivision 2; 473.823, subdivisions 3, 5, and 6; 473.843, subdivision 1; 473.844, subdivisions 1a and 4; 473.8441, subdivisions 2, 4, and 5; 473.845, subdivision 4; 473.846; and 473.848, subdivisions 2 and 4; Laws 1994, chapters 585, section 51; and 628, article 3, section 209; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; 116; 325E; and 480; repealing Minnesota Statutes 1994, sections 115A.81, subdivision 3; 115A.90, subdivision 3; 116.94; 383D.71, subdivision 2; 473.149, subdivisions 2, 2a, 2c, 2f, and 5; 473.181, subdivision 4; and 473.803, subdivisions 1b and 1e.

May 19, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 462, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 462 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

POLICY

Section 1. Minnesota Statutes 1994, section 16B.122, subdivision 3, is amended to read:

Subd. 3. [PUBLIC ENTITY PURCHASING.] (a) Notwithstanding section 365.37, 375.21, 412.311, or 473.705, a public entity may purchase recycled materials when the price of the recycled materials does not exceed the price of nonrecycled materials by more than ten percent. In order to maximize the quantity and quality of recycled materials purchased, a public entity also may use other appropriate procedures to acquire recycled materials at the most economical cost to the public entity.

(b) When purchasing commodities and services, a public entity shall apply and promote the preferred waste management practices listed in section 115A.02, with special emphasis on reduction of the quantity and toxicity of materials in waste. A public entity, in developing bid specifications, shall consider the extent to which a commodity or product is durable, reusable, or recyclable and marketable through the applicable local or regional recycling program and the extent to which the commodity or product contains postconsumer material. When a project by a public entity involves the replacement of carpeting, the public entity may require all persons who wish to bid on the project to designate a carpet recycling company in their bids.

Sec. 2. [16B.124] [CONSIDERATION OF ENVIRONMENTAL IMPACTS OF METAL RECYCLING FACILITIES.]

(a) The state, counties, towns, and home rule charter or statutory cities shall include consideration of environmental impacts in selecting a recycling facility for the recycling of scrap metal.

(b) For the purposes of this section, "recycling facility" has the meaning given in section 115A.03, subdivision 25c.

Sec. 3. [115A.0715] [CONSOLIDATED GRANT AND LOAN PROGRAMS.]

The director may consolidate and jointly administer the following grant and loan programs: public education under section 115A.072, technical and research assistance under section 115A.152, waste reduction under section 115A.154, waste processing and collection facilities and services under section 115A.156, market development under section 115A.48, waste separation

projects under section 115A.53, solid waste reduction under section 115A.55, used oil under section 115A.9162, litter under section 115A.991, pollution prevention assistance under section 115D.04, and pollution prevention under section 115D.05.

Sec. 4. Minnesota Statutes 1994, section 115A.072, subdivision 3, is amended to read:

Subd. 3. [EDUCATION GRANTS.] (a) The director shall provide grants to persons for the purpose of developing and distributing waste education information.

(b) ~~The director shall provide grants and technical assistance to formal and informal education facilities to develop and implement a model program to incorporate waste reduction, recycling, litter prevention, and proper management of problem materials into educational operations.~~

~~(c)~~ The director shall provide grants or awards and technical assistance to formal and informal education facilities to develop or implement ongoing programs for waste reduction, recycling, litter prevention, and proper management of problem materials ~~programs~~.

Sec. 5. Minnesota Statutes 1994, section 115A.072, subdivision 4, is amended to read:

Subd. 4. [EDUCATION, PROMOTION, AND PROCUREMENT.] The director shall include: (1) waste reduction and reuse, including packaging reduction and reuse; and (2) the hazards of open burning, as defined in section 88.01, of mixed municipal solid waste, especially the hazards of dioxin emissions to children, as ~~an element~~ elements of the director's program of public education on waste management required under this section. The waste reduction and reuse education program must include dissemination of information and may include an award program for model waste reduction and reuse efforts. Waste reduction and reuse educational efforts must also include provision of information about and promotion of the model procurement program developed by the commissioner of administration under section 115A.15, subdivision 7, or any other model procurement program that results in significant waste reduction and reuse.

Sec. 6. Minnesota Statutes 1992, section 115A.33, as reenacted by sections 59 and 63, is amended to read:

115A.33 [ELIGIBILITY; REQUEST FOR REVIEW.]

The following persons shall be eligible to request supplementary review by the board pursuant to sections 115A.32 to 115A.39: (a) a generator of sewage sludge within the state who has been issued permits by the agency for a facility to dispose of sewage sludge or solid waste resulting from sewage treatment; (b) a political subdivision which has been issued permits by the agency, or a political subdivision acting on behalf of a person who has been issued permits by the agency, for a solid waste facility which is no larger than 250 acres, not including any proposed buffer area, and located outside the metropolitan area; (c) a generator of hazardous waste within the state who has been issued permits by the agency for a hazardous waste facility to be owned and operated by the generator, on property owned by the generator, and to be used by the generator for managing the hazardous wastes produced by the generator only; (d) a person who has been issued permits by the agency for a commercial hazardous waste processing facility at a site included in the board's inventory of preferred sites for such facilities adopted pursuant to section 115A.09; (e) a person who has been issued permits by the agency for a disposal facility for the nonhazardous sludge, ash, or other solid waste generated by a permitted hazardous waste processing facility operated by the person. ~~The metropolitan waste control commission shall not be eligible to request review under clause (a) for a sewage sludge disposal facility. The metropolitan waste control commission shall not be eligible to request review under clause (a) for a solid waste facility with a proposed permitted life of longer than four years.~~ The board may require completion of a plan conforming to the requirements of section 115A.46, before granting review under clause (b). A request for supplementary review shall show that the required permits for the facility have been issued by the agency and that a political subdivision has refused to approve the establishment or operation of the facility.

Sec. 7. Minnesota Statutes 1994, section 115A.411, is amended to read:

115A.411 [SOLID WASTE MANAGEMENT POLICY; CONSOLIDATED REPORT.]

Subdivision 1. [AUTHORITY; PURPOSE.] The director with assistance from the

commissioner shall prepare and adopt a report on solid waste management policy ~~excluding the metropolitan area~~. The report must be submitted by the director to the legislative commission on waste management by July 1 of each ~~even-numbered~~ odd-numbered year and ~~may~~ shall include reports required under sections 115A.55, subdivision 4, paragraph (b); 115A.551, subdivision 4~~, and~~; 115A.557, subdivision 4; 473.149, subdivision 6; 473.846; and 473.848, subdivision 4.

Subd. 2. [CONTENTS.] (a) The report must also include:

(1) a summary of the current status of solid waste management, including the amount of solid waste generated, the manner in which it is collected, processed, and disposed, the extent of separation, recycling, reuse, and recovery of solid waste, and the facilities available or under development to manage the waste;

~~(2) a summary of current state solid waste management policies, goals, and objectives, including their statutory, administrative, and regulatory basis and the state agencies and political subdivisions responsible for implementation;~~

~~(3)~~ (2) an evaluation of the extent and effectiveness of implementation and an assessment of progress in accomplishing state policies, goals, and objectives, including those listed in paragraph (b);

~~(4) estimates of the generation of solid waste anticipated for the future, the manner in which the waste is likely to be managed, and the programs and facilities that will be available and needed for proper waste management;~~

~~(5)~~ (3) identification of issues requiring further research, study, and action, the appropriate scope of the research, study, or action, the state agency or political subdivision that should implement the research, study, or action, and a schedule for completion of the activity; and

~~(6)~~ (4) recommendations for establishing or modifying state solid waste management policies, authorities, and programs.

(b) Beginning in 1997, and every sixth year thereafter, the report shall be expanded to include the metropolitan area solid waste policy plan required in section 473.149, subdivision 1, and strategies for the office to advance the goals of this chapter, to manage waste as a resource, to further reduce the need for expenditures on resource recovery and disposal facilities, and to further reduce long-term environmental and financial liabilities. The expanded report must include strategies for:

(1) achieving the maximum feasible reduction in waste generation;

(2) encouraging manufacturers to design products that eliminate or reduce the adverse environmental impacts of resource extraction, manufacturing, use, and waste processing and disposal;

(3) educating businesses, public entities, and other consumers about the need to consider the potential environmental and financial impacts of purchasing products that may create a liability or that may be expensive to recycle or manage as waste, due to the presence of toxic or hazardous components;

(4) eliminating or reducing toxic or hazardous components in compost from municipal solid waste composting facilities, in ash from municipal solid waste incinerators, and in leachate and air emissions from municipal solid waste landfills, in order to reduce the potential liability of waste generators, facility owners and operators, and taxpayers;

(5) encouraging the source separation of materials to the extent practicable, so that the materials are most appropriately managed and to ensure that resources that can be reused or recycled are not disposed of or destroyed; and

(6) maximizing the efficiency of the waste management system by managing waste and recyclables close to the point of generation, taking into account the characteristics of the resources to be recovered from the waste and the type and capacity of local facilities.

Sec. 8. Minnesota Statutes 1994, section 115A.46, subdivision 5, is amended to read:

Subd. 5. [JURISDICTION OF PLAN.] (a) After a county plan has been submitted for approval under subdivision 1, a ~~political subdivision~~ public entity, as defined in section 16B.122, subdivision 1, within the county may not enter into a binding agreement governing a solid waste management activity that is inconsistent with the county plan without the consent of the county.

(b) After a county plan has been approved under subdivision 1, the plan governs all solid waste management in the county and a ~~political subdivision~~ public entity, as defined in section 16B.122, subdivision 1, within the county may not develop or implement a solid waste management activity, other than an activity to reduce waste generation or reuse waste materials, that is inconsistent with the county plan that the county is actively implementing without the consent of the county.

Sec. 9. [115A.471] [PUBLIC ENTITIES; MANAGEMENT OF SOLID WASTE.]

(a) Prior to entering into or approving a contract for the management of mixed municipal solid waste which would manage the waste using a waste management practice that is ranked lower on the list of preferred waste management practices in section 115A.02, paragraph (b), than the waste management practice selected for such waste in the county plan for the county in which the waste was generated, a public entity must:

(1) determine the potential liability to the public entity and its taxpayers for managing the waste in this manner;

(2) develop and implement a plan for managing the potential liability; and

(3) submit the information from clauses (1) and (2) to the agency.

(b) For the purpose of this subdivision, "public entity" means the state; an office, agency, or institution of the state; the metropolitan council; a metropolitan agency; the metropolitan mosquito control district; the legislature; the courts; a county; a statutory or home rule charter city; a town; a school district; another special taxing district; or any other general or special purpose unit of government in the state.

Sec. 10. Minnesota Statutes 1994, section 115A.55, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL ASSISTANCE.] (a) The director shall make loans and grants to any person for the purpose of developing and implementing projects or practices to prevent or reduce the generation of solid waste including those that involve reuse of items in their original form or in manufacturing processes that do not cause the destruction of recyclable materials in a manner that precludes further use, or involve procuring, using, or producing products with long useful lives. Grants may be used to fund studies needed to determine the technical and financial feasibility of a waste reduction project or practice or for the cost of implementation of a waste reduction project or practice that the director has determined is technically and financially feasible.

(b) In making grants or loans, the director shall give priority to waste reduction projects or practices that have broad application in the state and that have the potential for significant reduction of the amount of waste generated.

(c) All information developed as a result of a grant or loan shall be made available to other solid waste generators through the public information program established in subdivision 2.

(d) The director shall adopt rules for the administration of this program and may administer the program in conjunction with the grant program established under section 115D.05. The rules must prescribe the level or levels of matching funds required for grants or loans under this subdivision.

Sec. 11. Minnesota Statutes 1994, section 115A.55, is amended by adding a subdivision to read:

Subd. 4. [STATEWIDE SOURCE REDUCTION GOAL.] (a) It is a goal of the state that there be a minimum ten percent per capita reduction in the amount of mixed municipal solid waste generated in the state by December 31, 2000, based on a reasonable estimate of the amount of mixed municipal solid waste that was generated in calendar year 1993.

(b) As part of the 1997 report required under section 115A.411, the director shall submit to the legislative commission on waste management a proposed strategy for meeting the goal in paragraph (a). The strategy must include a discussion of the different reduction potentials to be found in various sectors and may include recommended interim goals. The director shall report progress on meeting the goal in paragraph (a), as well as recommendations and revisions to the proposed strategy, as part of the 1999 report required under section 115A.411.

Sec. 12. Minnesota Statutes 1994, section 115A.5501, subdivision 4, is amended to read:

Subd. 4. [REPORT.] The director shall apply the statewide percentage determined under subdivision 2 to the aggregate amount of solid waste determined under subdivision 3 to determine the amount of packaging in the waste stream. By July 1, 1996, the director shall submit to the legislative commission on waste management an analysis of the extent to which the waste packaging reduction goal in subdivision 1 has been met. In determining whether the goal has been met, the margin of error must be applied in favor of meeting the goal. The director shall use the statistical mean for the data collected in determining whether the goal has been met and shall include in the analysis a discussion of the margin of error and statistical reliability for the data collected.

Sec. 13. Minnesota Statutes 1994, section 115A.5502, is amended to read:

115A.5502 [PACKAGING PRACTICES; PREFERENCES; GOALS.]

Packaging forms a substantial portion of solid waste and contributes to environmental degradation and the costs of managing solid waste. It is imperative to reduce the amount and toxicity of packaging that must be managed as solid waste. In order to achieve significant reduction of packaging in solid waste and to assist packagers and others to meet the packaging reduction goal in section 115A.5501, the goal of the state is that items be distributed without any packaging where feasible and, only when necessary to protect health and safety or product integrity, with the minimal amount of packaging possible. The following categories of packaging are listed in order of preference for use by all persons who find it necessary to package items for distribution or use in the state:

(1) minimal packaging that contains no intentionally introduced toxic materials and that is designed to be and actually is reused for its original purpose at least five times;

(2) minimal packaging that contains no intentionally introduced toxic materials and consists of a significant percentage of postconsumer material;

(3) minimal packaging that contains no intentionally introduced toxic materials, that is recyclable, and is regularly collected through recycling collection programs available to at least 75 percent of the residents of the state;

~~(3)~~ (4) minimal packaging that does not comply with ~~clauses~~ clause (1) ~~and~~, (2), or (3) because it is required under federal or state law and for which there does not exist a commercially feasible alternative that does comply with ~~clauses~~ clause (1) ~~and~~, (2), or (3);

~~(4)~~ (5) packaging that contains no intentionally introduced toxic materials but does not comply with clauses (1) to ~~(3)~~ (4); and

~~(5)~~ (6) all other packaging.

Sec. 14. Minnesota Statutes 1994, section 115A.551, subdivision 2a, is amended to read:

Subd. 2a. [SUPPLEMENTARY RECYCLING GOALS.] (a) By December 31, 1996, each county will have as a goal to recycle the following amounts:

(1) for a county outside of the metropolitan area, ~~30~~ 35 percent by weight of total solid waste generation;

(2) for a metropolitan county, 45 50 percent by weight of total solid waste generation.

Each county will develop and implement or require political subdivisions within the county to

develop and implement programs, practices, or methods designed to meet its recycling goal. Nothing in this section or in any other law may be construed to prohibit a county from establishing a higher recycling goal. ~~For the purposes of this subdivision "recycle" and "total solid waste generation" have the meanings given them in subdivision 1, except that neither includes yard waste.~~

(b) For a county that, by January 1, 1995, is implementing a solid waste reduction program that is approved by the director, the director shall apply three percentage points toward achievement of the recycling goals in this subdivision. In addition, the director shall apply demonstrated waste reduction that exceeds three percent reduction toward achievement of the goals in this subdivision.

(c) No more than five percentage points may be applied toward achievement of the recycling goals in this subdivision for management of yard waste. The five percentage points must be applied as provided in this paragraph. The director shall apply three percentage points for a county in which residents, by January 1, 1996, are provided with:

(1) an ongoing comprehensive education program under which they are informed about how to manage yard waste and are notified of the prohibition in section 115A.931; and

(2) the opportunity to drop off yard waste at specified sites or participate in curbside yard waste collection.

The director shall apply up to an additional two percentage points toward achievement of the recycling goals in this subdivision for additional activities approved by the director that are likely to reduce the amount of yard waste generated and to increase the on-site composting of yard waste.

Sec. 15. Minnesota Statutes 1994, section 115A.551, subdivision 4, is amended to read:

Subd. 4. [INTERIM MONITORING.] The director~~, for counties outside of the metropolitan area, and the metropolitan council, for counties within the metropolitan area,~~ shall monitor the progress of each county toward meeting the recycling goals in subdivisions 2 and 2a. The director shall report to the legislative commission on waste management on the progress of the counties by July 1 of each odd-numbered year. ~~The metropolitan council shall report to the legislative commission on waste management on the progress of the counties by July 1 of each year.~~ If the director ~~or the council~~ finds that a county is not progressing toward the goals in subdivisions 2 and 2a, it shall negotiate with the county to develop and implement solid waste management techniques designed to assist the county in meeting the goals, such as organized collection, curbside collection of source-separated materials, and volume-based pricing.

~~In even-numbered years~~ The progress report ~~may~~ shall be included in the ~~solid waste management policy~~ report required under section 115A.411. ~~The metropolitan council's progress report shall be included in the report required by section 473.149.~~

Sec. 16. Minnesota Statutes 1994, section 115A.551, subdivision 6, is amended to read:

Subd. 6. [COUNTY SOLID WASTE PLANS.] ~~(a)~~ Each county shall include in its solid waste management plan described in section 115A.46, or its solid waste master plan described in section 473.803, a ~~plan~~ recycling implementation strategy for ~~implementing~~ meeting the recycling goal established in subdivision ~~2~~ 2a along with mechanisms for providing financial incentives to solid waste generators to reduce the amount of waste generated and to separate recyclable materials from the waste stream. ~~The recycling plan must include detailed recycling implementation information to form the basis for the strategy required in subdivision 7.~~

~~(b) Each county required to submit its plan to the director under section 115A.46 shall amend its plan to comply with this subdivision within one year after October 4, 1989.~~

Sec. 17. Minnesota Statutes 1994, section 115A.551, subdivision 7, is amended to read:

Subd. 7. [RECYCLING IMPLEMENTATION STRATEGY.] ~~Within one year of approval of the portion of the plan required in subdivision 6,~~ Each ~~nonmetropolitan~~ county shall submit to the director for approval ~~a local~~ the recycling implementation strategy required in subdivision 6. The ~~local~~ recycling implementation strategy must be submitted by October 31, 1995, and must:

(1) be consistent with the approved county solid waste management plan;

(2) identify the materials that are being and will be recycled in the county to meet the goals under this section and the parties responsible and methods for recycling the material; ~~and~~

(3) ~~define the need for funds to ensure continuation of local recycling, methods of raising and allocating such funds, and permanent sources and levels of local funding for recycling~~ provide a budget to ensure adequate funding for needed county and local programs and demonstrate an ongoing commitment to spending the money on recycling programs; and

(4) include a schedule for implementing recycling activities needed to meet the goals in subdivision 2a.

Sec. 18. Minnesota Statutes 1994, section 115A.554, is amended to read:

115A.554 [AUTHORITY OF SANITARY DISTRICTS.]

A sanitary district has the authorities and duties of counties within the district's boundary for purposes of sections 115A.46, subdivision 4; 115A.48; 115A.551; 115A.552; 115A.553; 115A.919; 115A.929; 115A.93; 115A.96, subdivision 6; 115A.961; 115A.991; 116.072; 375.18, subdivision 14; 400.08, except subdivision 4, paragraph (b); 400.16; and 400.161.

Sec. 19. Minnesota Statutes 1994, section 115A.557, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY TO RECEIVE MONEY.] (a) To be eligible to receive money distributed by the director under this section, a county shall within one year of October 4, 1989:

(1) create a separate account in its general fund to credit the money; and

(2) set up accounting procedures to ensure that money in the separate account is spent only for the purposes in subdivision 2.

(b) In each following year, each county shall also:

(1) have in place an approved solid waste management plan or master plan including a recycling implementation strategy under section 115A.551, subdivision 7, Sor 473.803, subdivision ~~1e,~~ and a household hazardous waste management plan under section 115A.96, subdivision 6, by the dates specified in those provisions;

(2) submit a report by April 1 of each year to the director detailing how the money was spent and the resulting gains achieved in solid waste management practices during the previous calendar year; and

(3) provide evidence to the director that local revenue equal to 25 percent of the money sought for distribution under this section will be spent for the purposes in subdivision 2.

(c) The director shall withhold all or part of the funds to be distributed to a county under this section if the county fails to comply with this subdivision and subdivision 2.

Sec. 20. Minnesota Statutes 1994, section 115A.557, subdivision 4, is amended to read:

Subd. 4. [REPORT.] By July 1 of each odd-numbered year, the director shall report on how the money was spent and the resulting statewide improvements in solid waste management to the house of representatives and senate appropriations and finance committees and the legislative commission on waste management. ~~In even-numbered years~~ The report ~~may~~ shall be included in the ~~solid waste management policy~~ report required under section 115A.411.

Sec. 21. Minnesota Statutes 1994, section 115A.919, subdivision 3, is amended to read:

Subd. 3. [EXEMPTIONS.] (a) Waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from any fee imposed by a county under this section if there is at least an 85 percent ~~volume~~

weight reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate county, except that for facilities operating outside of the metropolitan area the commissioner shall prescribe procedures for verifying the required 85 percent ~~volume~~ weight reduction.

(b) A facility permitted for the disposal of construction debris is exempt from 25 percent of a fee imposed under subdivision 1 if the facility has implemented a recycling program approved by the county and 25 percent if the facility contains a liner and leachate collection system approved by the agency.

Sec. 22. Minnesota Statutes 1994, section 115A.921, subdivision 1, is amended to read:

Subdivision 1. [MIXED MUNICIPAL SOLID WASTE.] A city or town may impose a fee, not to exceed $1 per cubic yard of waste, or its equivalent, on operators of facilities for the disposal of mixed municipal solid waste located within the city or town. The revenue from the fees must be credited to the city or town general fund. Revenue produced by 25 cents of the fee must be used only for purposes of landfill abatement or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities. Revenue produced by the balance of the fee may be used for any general fund purpose.

Waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from the fee imposed by a city or town under this section if there is at least an 85 percent ~~volume~~ weight reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate city or town, except that for facilities operating outside of the metropolitan area the commissioner shall prescribe procedures for verifying the required 85 percent ~~volume~~ weight reduction.

Sec. 23. Minnesota Statutes 1994, section 115A.923, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF FEE.] (a) The operator of a mixed municipal solid waste disposal facility outside of the metropolitan area shall charge a fee on solid waste accepted and disposed of at the facility as follows:

(1) a facility that weighs the waste that it accepts must charge a fee of $2 per cubic yard based on equivalent cubic yards of waste accepted at the entrance of the facility;

(2) a facility that does not weigh the waste but that measures the volume of the waste that it accepts must charge a fee of $2 per cubic yard of waste accepted at the entrance of the facility; and

(3) waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse is exempt from the fee imposed by this subdivision if there is at least an 85 percent ~~volume~~ weight reduction in the solid waste processed.

(b) To qualify for exemption under paragraph (a), clause (3), waste residue must be brought to a disposal facility separately. The commissioner shall prescribe procedures for determining the amount of waste residue qualifying for exemption.

Sec. 24. Minnesota Statutes 1994, section 115A.9302, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE REQUIRED.] (a) By January 1, 1994, and at least annually thereafter between January 1 and March 31, a person that collects construction debris, industrial waste, or mixed municipal solid waste for transportation to a waste facility shall disclose to each waste generator from whom waste is collected the name, location, and type of, and the number of the permit issued by the agency, or its counterpart in another state, if applicable, for the processing or disposal facility or facilities, excluding a transfer station, at which the waste will be deposited. The collector shall note ~~both~~ the approximate percentage of waste deposited at each of the two primary ~~facility at which the collector most often deposits waste~~ facilities used for the type of

waste collected from the generator in the county in which the generator generates the waste and any alternative facilities regularly used by the collector for the type of waste collected from the generator in the county in which the generator generates the waste.

(b) All written disclosures must include the following statement:

"You may be responsible for any liability that results from contamination at a facility where your waste has been deposited. Minnesota believes that its waste management system provides substantially more financial and environmental protection than depositing waste in landfills in other states. Managing your waste in Minnesota may minimize your potential liability."

All oral disclosures must include the following statement:

"You may be responsible for any liability that results from contamination at a facility where your waste has been deposited. Minnesota believes that its waste management system offers more protection from liability than the waste management systems of other states."

(c) If any of the primary or alternative disposal facilities identified by the collector in paragraph (a) are not located in Minnesota, the disclosure must state "The landfill to which your waste may be sent during the current calendar year is not a Minnesota landfill."

Sec. 25. Minnesota Statutes 1994, section 115A.9302, subdivision 2, is amended to read:

Subd. 2. [FORM OF DISCLOSURE.] (a) A collector shall make the disclosure to the waste generator in writing at least once per year ~~or~~ between January 1 and March 31 and on any written contract for collection services for that year. The written disclosure must include all of the information described in subdivision 1. The oral disclosure required in this section need only include the statement required in subdivision 1, paragraph (b), and the statement required in subdivision 1, paragraph (c), if that paragraph applies. If the license issued by the county to the collector for collection within the county does not require the collector to submit a copy of the disclosure to the county, the collector shall submit a copy to the commissioner by March 31 of each year.

(b) An oral disclosure is only required with regard to the collection of mixed municipal solid waste. A collector must provide the required disclosure orally to a waste generator at the time the generator agrees to purchase regular collection service and must provide written disclosure to the generator within 45 days from the date of request. This oral disclosure is not required if the city or county within which the waste is generated selects the collector that may provide collection services to the generator.

(c) If a collector provides one-time or occasional service to a waste generator, the collector must orally provide the generator with the required disclosure at the time the generator agrees to purchase the service. The collector shall then provide written disclosure to the generator within 45 days from the date of request.

(d) If an additional facility becomes either a primary facility or an alternative facility during the year, the collector shall make the disclosure set forth in subdivision 1 within 30 days. A local government unit that collects solid waste without direct charges to waste generators shall make the disclosure on any statement that includes an amount for waste management, provided that, at a minimum, disclosure to waste generators must be made at least twice annually in a form likely to be available to all generators.

(e) The agency may develop standard disclosure forms containing the information that is required in this section. Collectors may use the form developed by the agency.

Sec. 26. Minnesota Statutes 1994, section 115A.96, subdivision 2, is amended to read:

Subd. 2. [MANAGEMENT PROGRAM.] ~~(a)~~ The agency shall establish a statewide program to manage household hazardous wastes. The program must include:

(1) the establishment and operation of collection sites; and

(2) the provision of information, education, and technical assistance regarding proper management of household hazardous wastes.

~~(b) The agency shall report on its progress on establishing permanent collection sites to the legislative commission on waste management by November 1, 1991.~~

Sec. 27. Minnesota Statutes 1994, section 115A.965, subdivision 1, is amended to read:

Subdivision 1. [PACKAGING.] (a) As soon as feasible but not later than August 1, 1993, no manufacturer or distributor may sell or offer for sale or for promotional purposes in this state packaging or a product that is contained in packaging if the packaging itself, or any inks, dyes, pigments, adhesives, stabilizers, or any other additives to the packaging contain any lead, cadmium, mercury, or hexavalent chromium that has been intentionally introduced as an element during manufacture or distribution of the packaging. Intentional introduction does not include the incidental presence of any of the prohibited elements.

(b) For the purposes of this section:

(1) "distributor" means a person who imports packaging or causes packaging to be imported into the state; and

(2) until August 15, ~~1995~~ 1996, "packaging" does not include steel strapping containing a total concentration level of lead, cadmium, mercury, and hexavalent chromium, added together, of less than 100 parts per million by weight.

Sec. 28. Minnesota Statutes 1994, section 115D.03, subdivision 5, is amended to read:

Subd. 5. [ELIGIBLE RECIPIENTS.] "Eligible recipients" means persons who use, generate, or release toxic pollutants, hazardous substances, or hazardous wastes, or individuals or organizations that provide assistance to these persons.

Sec. 29. Minnesota Statutes 1994, section 115D.03, is amended by adding a subdivision to read:

Subd. 6a. [OFFICER OF THE COMPANY.] "Officer of the company" means one of the following:

(1) an owner or sole proprietor;

(2) a partner;

(3) for a corporation incorporated under chapter 300, the president, secretary, treasurer, or other officer as provided for in the corporation's bylaws or certificate of incorporation;

(4) for a corporation incorporated under chapter 302A, an individual exercising the functions of the chief executive officer or the chief financial officer under section 302A.305 or another officer elected or appointed by the directors of the corporation under section 302A.311;

(5) for a corporation incorporated outside this state, an officer of the company as defined by the laws of the state in which the corporation is incorporated; or

(6) for a limited liability company organized under chapter 322B, the chief manager or treasurer.

Sec. 30. Minnesota Statutes 1994, section 115D.05, is amended to read:

115D.05 [POLLUTION PREVENTION GRANTS.]

Subdivision 1. [PURPOSE.] The director may make grants to ~~study or demonstrate the feasibility of applying specific technologies and methods to prevent~~ develop or implement pollution prevention projects or practices.

Subd. 2. [ELIGIBILITY.] (a) Eligible recipients may receive grants under this section.

(b) Grants may be awarded up to a maximum of ~~two-thirds~~ three-quarters of the total cost of the project. ~~Grant money awarded under this section may not be spent for capital improvements or equipment.~~

Subd. 3. [PROCEDURE FOR AWARDING GRANTS.] (a) In determining whether to award a grant, the director shall consider at least the following:

(1) the potential of the project to prevent pollution;

(2) the likelihood that the project will ~~develop techniques or processes that will~~ minimize the transfer of pollution from one environmental medium to another;

(3) the extent to which information to be developed through the project will be applicable and disseminated to other persons in the state; and

(4) ~~the willingness of the grant applicant to implement feasible methods and technologies developed under the grant;~~

~~(5) the willingness of the grant applicant to assist the director in disseminating information about the pollution prevention methods to be developed through the project; and~~

~~(6)~~ the extent to which the project will conform to the pollution prevention policy established in section 115D.02.

(b) The director shall adopt rules to administer the grant program and may administer the grant program in conjunction with the grant program established under section 115A.55, subdivision 3. ~~Prior to completion of any new rulemaking, the director may administer the program under the procedures established in rules promulgated under section 115A.154.~~

Sec. 31. Minnesota Statutes 1994, section 115D.07, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT TO PREPARE AND MAINTAIN A PLAN.] (a) Persons who operate a facility required by United States Code, title 42, section 11023, or section 299K.08, subdivision 3, to submit a toxic chemical release form shall prepare a toxic pollution prevention plan for that facility. A facility that is required to submit a toxic chemical release form but does not release a toxic chemical is exempt from the requirements of this subdivision. The plan must contain the information listed in subdivision 2.

(b) Except as provided in paragraphs (d) and (e), for facilities that release a total of 10,000 pounds or more of toxic pollutants annually, the plan must be completed as follows:

(1) on or before July 1, 1991, for facilities having a two-digit standard industrial classification of 35 to 39;

(2) by January 1, 1992, for facilities having a two-digit standard industrial classification of 28 to 34; and

(3) by July 1, 1992, for all other persons required to prepare a plan under this subdivision.

(c) Except as provided in paragraphs (d) and (e), facilities that release less than a total of 10,000 pounds of toxic pollutants annually must complete their plans by July 1, 1992.

(d) For the following facilities, the plan must be completed as follows:

(1) by January 1, 1995, for facilities required to report under section 299K.08, subdivision 3, that have a two-digit standard industrial classification of 01 to 50; and

(2) by ~~July 1, 1995~~ January 1, 1996, for facilities required to report under section 299K.08, subdivision 3, that have a two-digit standard industrial classification of 51 to 99.

(e) For facilities that become subject to this subdivision after July 1, 1993, the plan must be completed by six months after the first submittal for the facility under United States Code, title 42, section 11023, or section 299K.08, subdivision 3.

(f) Each plan must be updated ~~every two years~~ by January 1 of every even-numbered year and must be maintained at the facility to which it pertains.

Sec. 32. Minnesota Statutes 1994, section 115D.07, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF PLAN.] (a) Each toxic pollution prevention plan must establish a program identifying the specific technically and economically practicable steps that could be taken during at least the three years following the date the plan is due, to eliminate or reduce the generation or release of toxic pollutants reported by the facility. Toxic pollutants resulting solely from research and development activities need not be included in the plan.

(b) At a minimum, each plan must include:

(1) a policy statement articulating upper management support for eliminating or reducing the generation or release of toxic pollutants at the facility;

(2) a description of the current processes generating or releasing toxic pollutants that specifically describes the types, sources, and quantities of toxic pollutants currently being generated or released by the facility;

(3) a description of the current and past practices used to eliminate or reduce the generation or release of toxic pollutants at the facility and an evaluation of the effectiveness of these practices;

(4) an assessment of technically and economically practicable options available to eliminate or reduce the generation or release of toxic pollutants at the facility, including options such as changing the raw materials, operating techniques, equipment and technology, personnel training, and other practices used at the facility. The assessment may include a cost benefit analysis of the available options;

(5) a statement of objectives based on the assessment in clause (4) and a schedule for achieving those objectives. Wherever technically and economically practicable, the objectives for eliminating or reducing the generation or release of each toxic pollutant at the facility must be expressed in numeric terms based on a specified base year that is no earlier than 1987. Otherwise, the objectives must include a clearly stated list of actions designed to lead to the establishment of numeric objectives as soon as practicable;

(6) an explanation of the rationale for each objective established for the facility;

(7) a listing of options that were considered not to be economically and technically practicable; and

(8) a certification, signed and dated by the facility manager and an officer of the company under penalty of section 609.63, attesting to the accuracy of the information in the plan.

Sec. 33. Minnesota Statutes 1994, section 115D.08, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT TO SUBMIT PROGRESS REPORT.] (a) All persons required to prepare a toxic pollution prevention plan under section 115D.07 shall submit an annual progress report to the commissioner that may be drafted in a manner that does not disclose proprietary information. Progress reports are due on October 1 of each year. The first progress reports are due in 1992.

(b) At a minimum, each progress report must include:

(1) a summary of each objective established in the plan, including the base year for any objective stated in numeric terms, and the schedule for meeting ~~the~~ each objective;

(2) a summary of progress made during the past year, if any, toward meeting each objective established in the plan including the quantity of each toxic pollutant eliminated or reduced;

(3) a statement of the methods through which elimination or reduction has been achieved;

(4) if necessary, an explanation of the reasons objectives were not achieved during the previous year, including identification of any technological, economic, or other impediments the facility faced in its efforts to achieve its objectives; and

(5) a certification, signed and dated by the facility manager and an officer of the company under penalty of section 609.63, attesting that a plan meeting the requirements of section 115D.07 has been prepared and also attesting to the accuracy of the information in the progress report.

Sec. 34. Minnesota Statutes 1994, section 115D.10, is amended to read:

115D.10 [TOXIC POLLUTION PREVENTION EVALUATION REPORT.]

The director, in cooperation with the commissioner and commission, shall report to the environment and natural resources committees of the legislature and the legislative commission on waste management on progress being made in achieving the objectives of sections 115D.01 to 115D.12. The report must be submitted by February 1 of each even-numbered year.

Sec. 35. [116.011] [ANNUAL POLLUTION REPORT.]

A goal of the pollution control agency is to reduce the amount of pollution that is emitted in the state. The pollution control agency shall include in its annual performance report information detailing the best estimate of the agency of the total volume of water and air pollution that was emitted in the state in the previous calendar year. The agency shall report its findings for both water and air pollution:

(1) in gross amounts, including the percentage increase or decrease over the previous calendar year; and

(2) in a manner which will demonstrate the magnitude of the various sources of water and air pollution.

Sec. 36. Minnesota Statutes 1994, section 116.07, subdivision 4a, is amended to read:

Subd. 4a. [PERMITS.] (a) The pollution control agency may issue, continue in effect or deny permits, under such conditions as it may prescribe for the prevention of pollution, for the emission of air contaminants, or for the installation or operation of any emission facility, air contaminant treatment facility, treatment facility, potential air contaminant storage facility, or storage facility, or any part thereof, or for the sources or emissions of noise pollution.

The pollution control agency may also issue, continue in effect or deny permits, under such conditions as it may prescribe for the prevention of pollution, for the storage, collection, transportation, processing, or disposal of waste, or for the installation or operation of any system or facility, or any part thereof, related to the storage, collection, transportation, processing, or disposal of waste.

The pollution control agency may revoke or modify any permit issued under this subdivision and section 116.081 whenever it is necessary, in the opinion of the agency, to prevent or abate pollution.

(b) The pollution control agency has the authority for approval over the siting, expansion, or operation of a solid waste facility with regard to environmental issues. However, the agency's issuance of a permit does not release the permittee from any liability, penalty, or duty imposed by any applicable county ordinances. Nothing in this chapter precludes, or shall be construed to preclude, a county from enforcing land use controls, regulations, and ordinances existing at the time of the permit application and adopted pursuant to sections 366.10 to 366.181, 394.21 to 394.37, or 462.351 to 462.365, with regard to the siting, expansion, or operation of a solid waste facility.

Sec. 37. Minnesota Statutes 1994, section 116.07, subdivision 4j, is amended to read:

Subd. 4j. [PERMITS; SOLID WASTE FACILITIES.] (a) The agency may not issue a permit for new or additional capacity for a mixed municipal solid waste resource recovery or disposal facility as defined in section 115A.03 unless each county using or projected in the permit to use the facility has in place a solid waste management plan approved under section 115A.46 or 473.803 and amended as required by section 115A.96, subdivision 6. The agency shall issue the permit only if the capacity of the facility is consistent with the needs for resource recovery or disposal capacity identified in the approved plan or plans. Consistency must be determined by the ~~metropolitan council for counties in the metropolitan area and by the agency for counties outside the metropolitan area~~ office of environmental assistance. Plans approved before January 1, 1990, need not be revised if the capacity sought in the permit is consistent with the approved plan or plans.

(b) The agency shall require as part of the permit application for a waste incineration facility identification of preliminary plans for ash management and ash leachate treatment or ash utilization. The permit issued by the agency must include requirements for ash management and ash leachate treatment.

(c) Within 30 days of receipt by the agency of a permit application for a solid waste facility, the commissioner shall notify the applicant in writing whether the application is complete and if not, what items are needed to make it complete, and shall give an estimate of the time it will take to process the application. Within 180 days of receipt of a completed application, the agency shall approve, disapprove, or delay decision on the application, with reasons for the delay, in writing.

Sec. 38. Minnesota Statutes 1994, section 116.072, is amended to read:

116.072 [ADMINISTRATIVE PENALTIES.]

Subdivision 1. [AUTHORITY TO ISSUE PENALTY ORDERS.] (a) The commissioner may issue an order requiring violations to be corrected and administratively assessing monetary penalties for violations of this chapter and chapters 115, 115A, 115D, and 115E, any rules adopted under those chapters, and any standards, limitations, or conditions established in an agency permit; and for failure to respond to a request for information under section 115B.17, subdivision 3. The order must be issued as provided in this section.

(b) A county board may adopt an ordinance containing procedures for the issuance of administrative penalty orders and may issue orders beginning August 1, 1996. Before adopting ordinances, counties shall work cooperatively with the agency to develop an implementation plan for the orders that substantially conforms to a model ordinance developed by the counties and the agency. After adopting the ordinance, the county board may issue orders requiring violations to be corrected and administratively assessing monetary penalties for violations of county ordinances adopted under section 400.16, 400.161, or 473.811 or chapter 115A that regulate solid and hazardous waste and any standards, limitations, or conditions established in a county license issued pursuant to these ordinances. For violations of ordinances relating to hazardous waste, a county's penalty authority is described in subdivisions 2 to 5. For violations of ordinances relating to solid waste, a county's penalty authority is described in subdivision 5a. Subdivisions 6 to 11 apply to violations of ordinances relating to both solid and hazardous waste.

(c) Monetary penalties collected by a county must be used to manage solid and hazardous waste. A county board's authority is limited to violations described in paragraph (b). Its authority to issue orders under this section expires August 1, 1999.

Subd. 2. [AMOUNT OF PENALTY; CONSIDERATIONS.] (a) The commissioner or county board may issue an order assessing a penalty up to $10,000 for all violations identified during an inspection or other compliance review.

(b) In determining the amount of a penalty the commissioner or county board may consider:

(1) the willfulness of the violation;

(2) the gravity of the violation, including damage to humans, animals, air, water, land, or other natural resources of the state;

(3) the history of past violations;

(4) the number of violations;

(5) the economic benefit gained by the person by allowing or committing the violation; and

(6) other factors as justice may require, if the commissioner or county board specifically identifies the additional factors in the commissioner's or county board's order.

(c) For a violation after an initial violation, the commissioner or county board shall, in determining the amount of a penalty, consider the factors in paragraph (b) and the:

(1) similarity of the most recent previous violation and the violation to be penalized;

(2) time elapsed since the last violation;

(3) number of previous violations; and

(4) response of the person to the most recent previous violation identified.

Subd. 3. [CONTENTS OF ORDER.] An order assessing an administrative penalty under this section shall include:

(1) a concise statement of the facts alleged to constitute a violation;

(2) a reference to the section of the statute, rule, ordinance, variance, order, stipulation agreement, or term or condition of a permit or license that has been violated;

(3) a statement of the amount of the administrative penalty to be imposed and the factors upon which the penalty is based; and

(4) a statement of the person's right to review of the order.

Subd. 4. [CORRECTIVE ORDER.] (a) The commissioner or county board may issue an order assessing a penalty and requiring the violations cited in the order to be corrected within 30 calendar days from the date the order is received.

(b) The person to whom the order was issued shall provide information to the commissioner or county board before the 31st day after the order was received demonstrating that the violation has been corrected or that appropriate steps toward correcting the violation have been taken. The commissioner or county board shall determine whether the violation has been corrected and notify the person subject to the order of the commissioner's or county board's determination.

Subd. 5. [PENALTY.] (a) Except as provided in paragraph (b), if the commissioner or county board determines that the violation has been corrected or appropriate steps have been taken to correct the action, the penalty must be forgiven. Unless the person requests review of the order under subdivision 6 or 7 before the penalty is due, the penalty in the order is due and payable:

(1) on the 31st day after the order was received, if the person subject to the order fails to provide information to the commissioner or county board showing that the violation has been corrected or that appropriate steps have been taken toward correcting the violation; or

(2) on the 20th day after the person receives the commissioner's or county board's determination under subdivision 4, paragraph (b), if the person subject to the order has provided information to the commissioner or county board that the commissioner or county board determines is not sufficient to show the violation has been corrected or that appropriate steps have been taken toward correcting the violation.

(b) For a repeated or serious violation, the commissioner or county board may issue an order with a penalty that will not be forgiven after the corrective action is taken. The penalty is due by 31 days after the order was received unless review of the order under subdivision 6, 7, or 8 has been sought.

(c) Interest at the rate established in section 549.09 begins to accrue on penalties under this subdivision on the 31st day after the order with the penalty was received.

Subd. 5a. [COUNTY PENALTY AUTHORITY FOR SOLID WASTE VIOLATIONS.] (a) A county board's authority to issue a corrective order and assess a penalty for all violations relating to solid waste that are identified during an inspection or other compliance review is as described in this subdivision. The model ordinance described in subdivision 1, paragraph (b), must include provisions for letters or warnings that may be issued following the inspection and before proceeding under paragraph (b).

(b) For all violations described in paragraph (a), a county attorney or county department with responsibility for environmental enforcement may first issue a notice of violation that complies with the requirements of subdivision 4, except that no penalty may be assessed unless, in the opinion of the county board, the gravity of the violation and its potential for damage to, or actual

damage to, public health or the environment is such that a penalty under paragraph (c) or (d) is warranted. In that case the county attorney or department may proceed directly to paragraph (c) or (d).

(c) If the violations are not corrected, if appropriate steps have not been taken to correct them, or if the county board has determined that the gravity of the violations are such that action under this paragraph is warranted, a county board may issue a corrective order as described in subdivision 4, except that the penalty may not exceed $2,000.

(d) If the violations are still not corrected, if appropriate steps have not been taken to correct them, or if the county board has determined that the gravity of the violations are such that action under this paragraph is warranted, a county board may issue a corrective order as described in subdivision 4, except that the penalty may not exceed $5,000.

(e) In determining the amount of the penalty in paragraph (c) or (d), the county board shall be governed by subdivision 2, paragraphs (b) and (c). The penalty assessed under paragraph (c) or (d) shall be due and payable, forgiven, or assessed without forgiveness as described in subdivision 5.

Subd. 6. [EXPEDITED ADMINISTRATIVE HEARING.] (a) Within 30 days after receiving an order or within 20 days after receiving notice that the commissioner or county board has determined that a violation has not been corrected or appropriate steps have not been taken, the person subject to an order under this section may request an expedited hearing, utilizing the procedures of Minnesota Rules, parts 1400.8510 to 1400.8612, to review the commissioner's or county board's action. The hearing request must specifically state the reasons for seeking review of the order. The person to whom the order is directed and the commissioner or county board are the parties to the expedited hearing. The commissioner or county board must notify the person to whom the order is directed of the time and place of the hearing at least 20 days before the hearing. The expedited hearing must be held within 30 days after a request for hearing has been filed with the commissioner or county board unless the parties agree to a later date.

(b) All written arguments must be submitted within ten days following the close of the hearing. The hearing shall be conducted under Minnesota Rules, parts 1400.8510 to 1400.8612, as modified by this subdivision. The office of administrative hearings may, in consultation with the agency, adopt rules specifically applicable to cases under this section.

(c) The administrative law judge shall issue a report making recommendations about the commissioner's or county board's action to the commissioner or county board within 30 days following the close of the record. The administrative law judge may not recommend a change in the amount of the proposed penalty unless the administrative law judge determines that, based on the factors in subdivision 2, the amount of the penalty is unreasonable.

(d) If the administrative law judge makes a finding that the hearing was requested solely for purposes of delay or that the hearing request was frivolous, the commissioner or county board may add to the amount of the penalty the costs charged to the agency by the office of administrative hearings for the hearing.

(e) If a hearing has been held, the commissioner or county board may not issue a final order until at least five days after receipt of the report of the administrative law judge. The person to whom an order is issued may, within those five days, comment to the commissioner or county board on the recommendations and the commissioner or county board will consider the comments. The final order may be appealed in the manner provided in sections 14.63 to 14.69.

(f) If a hearing has been held and a final order issued by the commissioner or county board, the penalty shall be paid by 30 days after the date the final order is received unless review of the final order is requested under sections 14.63 to 14.69. If review is not requested or the order is reviewed and upheld, the amount due is the penalty, together with interest accruing from 31 days after the original order was received at the rate established in section 549.09.

Subd. 7. [DISTRICT COURT HEARING.] (a) Within 30 days after the receipt of an order from the commissioner or a county board or within 20 days of receipt of notice that the commissioner or a county board has determined that a violation has not been corrected or appropriate steps have not been taken, the person subject to an order under this section may file a

petition in district court for review of the order in lieu of requesting an administrative hearing under subdivision 6. The petition shall be filed with the court administrator with proof of service on the commissioner or county board. The petition shall be captioned in the name of the person making the petition as petitioner and the ~~director~~ commissioner or county board as respondent. The petition shall state with specificity the grounds upon which the petitioner seeks rescission of the order, including the facts upon which each claim is based.

(b) At trial, the commissioner or county board must establish by a preponderance of the evidence that a violation subject to this section occurred, the petitioner is responsible for the violation, a penalty immediately assessed as provided for under subdivision 5, paragraph (b) or (c), is justified by the violation, and the factors listed in subdivision 2 were considered when the penalty amount was determined and the penalty amount is justified by those factors.

Subd. 8. [MEDIATION.] In addition to review under subdivision 6 or 7, the commissioner or county board is authorized to enter into mediation concerning an order issued under this section if the commissioner or county board and the person to whom the order is issued both agree to mediation.

Subd. 9. [ENFORCEMENT.] (a) The attorney general ~~may proceed~~ on behalf of the state, or the county attorney on behalf of the county, may proceed to enforce penalties that are due and payable under this section in any manner provided by law for the collection of debts.

(b) The attorney general or county attorney may petition the district court to file the administrative order as an order of the court. At any court hearing, the only issues parties may contest are procedural and notice issues. Once entered, the administrative order may be enforced in the same manner as a final judgment of the district court.

(c) If a person fails to pay the penalty, the attorney general or county attorney may bring a civil action in district court seeking payment of the penalties, injunctive, or other appropriate relief including monetary damages, attorney fees, costs, and interest.

Subd. 10. [REVOCATION AND SUSPENSION OF PERMIT.] If a person fails to pay a penalty owed under this section, the agency or county board has grounds to revoke or refuse to reissue or renew a permit or license issued by the agency or county board.

Subd. 11. [CUMULATIVE REMEDY.] The authority of the agency or county board to issue a corrective order assessing penalties is in addition to other remedies available under statutory or common law, except that the state or county board may not seek civil penalties under any other provision of law for the violations covered by the administrative penalty order. The payment of a penalty does not preclude the use of other enforcement provisions, under which penalties are not assessed, in connection with the violation for which the penalty was assessed.

Subd. 12. [REPORT; ADMINISTRATIVE PENALTY ORDER.] (a) All counties that have adopted ordinances allowing them to issue administrative penalty orders shall report to the legislative auditor by September 1, 1998, on administrative penalty activity through August 1, 1998. The reports must include at least the following information: the nature and number of orders and penalties issued or forgiven, the nature and outcome of appeals taken, how much revenue was collected from penalties and how it was spent, and any other information a county board finds relevant.

(b) The legislative audit commission is requested to direct the legislative auditor to evaluate the data and report to the legislative commission on waste management by January 1, 1999, on at least the following matters: the degree to which penalties were suitable to the gravity of the violation, compliance with the implementation plan, and any other information the auditor finds relevant. In preparing the report, the auditor shall solicit information from counties and the regulated community and shall make recommendations as to whether the administrative penalty authority should be continued, discontinued, or continued with modifications and make any other recommendations the auditor wishes to propose as a result of the study.

Sec. 39. Minnesota Statutes 1994, section 116.66, subdivision 2, is amended to read:

Subd. 2. [FACILITY EVALUATIONS; ENVIRONMENTAL ASSESSMENT.] (a) The

commissioner of the pollution control agency shall conduct facility evaluations to evaluate ongoing waste management practices and shall provide technical assistance for corrective action at motor vehicle salvage facilities.

(b) The commissioner ~~shall~~ may conduct environmental assessments at ~~a representative group of~~ motor vehicle salvage facilities to determine the extent and magnitude of any contamination and environmental impacts, develop criteria, ~~and~~ determine appropriate cleanup methods, and set priorities for cleanup actions at motor vehicle salvage facility sites, under the criteria in Minnesota Rules, chapter 7044.

Sec. 40. Minnesota Statutes 1994, section 116.66, subdivision 4, is amended to read:

Subd. 4. [REPEALER.] This section is repealed on ~~the day that the repeal of section 115A.908 is effective~~ June 30, 1999.

Sec. 41. [116.67] [COST-SHARING PROGRAM; CLEANUP OF CERTAIN MOTOR VEHICLE SALVAGE FACILITIES.]

The pollution control agency may enter into cost-sharing agreements with owners and operators of motor vehicle salvage facilities for the cleanup of motor vehicle salvage facility sites, based on the findings of the environmental assessment of motor vehicle salvage facilities conducted under section 116.66, subdivision 2. An agreement under this section must provide that the agency will be responsible for paying 90 percent of the costs of removal and remedial actions at the site, and the owner or operator of the motor vehicle salvage facility must pay the remaining ten percent of the costs. For the purposes of this section, the terms "removal" and "remedial actions" have the meanings given in section 115B.02, subdivisions 16 and 17.

Sec. 42. Minnesota Statutes 1994, section 116.92, subdivision 4, is amended to read:

Subd. 4. [REMOVAL FROM SERVICE; PRODUCTS CONTAINING MERCURY.] (a) When an item listed in subdivision 3 is removed from service the mercury in the item must be reused, recycled, or otherwise managed to ensure compliance with section 115A.932.

(b) A person who is in the business of replacing or repairing an item listed in subdivision 3 in households shall ensure, or deliver the item to a facility that will ensure, that the mercury contained in an item that is replaced or repaired is reused or recycled or otherwise managed in compliance with section 115A.932.

(c) A person may not crush a motor vehicle unless the person has first made a good faith effort to remove all of the mercury switches in the motor vehicle.

Sec. 43. Minnesota Statutes 1994, section 325E.0951, subdivision 5, is amended to read:

Subd. 5. [RULES SUPERSEDED.] This section supersedes Minnesota Rules, part ~~7005.1190~~ 7023.0120, to the extent the rule is inconsistent with this section.

Sec. 44. Minnesota Statutes 1994, section 400.16, is amended to read:

400.16 [SOLID WASTE AND SEWAGE SLUDGE ~~DISPOSAL~~ MANAGEMENT REGULATIONS.]

The county may by ordinance establish and revise rules, regulations, and standards for solid waste and sewage sludge management and land pollution, relating to (a) the location, sanitary operation, and maintenance of solid waste facilities and sewage sludge disposal facilities by the county and any municipality or other public agency and by private operators; (b) the collection, processing, and disposal of solid waste and sewage sludge; (c) the amount and type of equipment required in relation to the amount and type of material received at any solid waste facility or sewage sludge disposal facility; (d) the control of salvage operations, water or air or land pollution, and rodents at such facilities; (e) the termination or abandonment of the facilities or activities; and (f) other matters relating to the facilities as may be determined necessary for the public health, welfare, and safety. The county may issue permits or licenses for solid waste facilities and may require that the facilities be registered with an appropriate county office. The county shall adopt the ordinances for mixed municipal solid waste management. The county shall

make provision for issuing permits or licenses for mixed municipal solid waste facilities and shall require that the facilities be registered with an appropriate county office. No permit or license shall be issued for a mixed municipal solid waste facility unless the applicant has demonstrated to the satisfaction of the county board the availability of revenues necessary to operate the facility in accordance with applicable state and local laws, ordinances, and rules. No permit shall be issued for a solid waste facility used primarily for resource recovery or a transfer station serving such a facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the county finds and determines that adequate markets exist for the products recovered and that any displacement of existing resource recovery facilities and transfer stations serving such facilities that may result from the establishment of the new facility is required in order to achieve the waste management objectives of the county. The county ordinance shall require appropriate procedures for termination or abandonment of any mixed municipal solid waste facilities or services, which shall include provision for long term monitoring for possible land pollution, and for the payment by the owners or operators thereof, or both, of any costs incurred by the county in completing the procedures. The county may require the procedures and payments with respect to any facilities or services regulated pursuant to this section. In the event the operators or owners fail to complete the procedures in accordance with the ordinance, the county may recover the costs of completion in a civil action in any court of competent jurisdiction or, in the discretion of the board, the costs may be certified to the county auditor as a special tax against the land to be collected as other taxes are collected. The ordinance may be enforced by injunction, action to compel performance, ~~or~~ other appropriate action in the district court, or administrative penalty order authorized under section 116.072. Any ordinance enacted under this section shall embody minimum standards and requirements established by rule of the agency.

Sec. 45. Minnesota Statutes 1994, section 400.161, is amended to read:

400.161 [HAZARDOUS WASTE REGULATIONS.]

(a) The county may by ordinance establish and revise rules, regulations, and standards relating to (1) identification of hazardous waste, (2) the labeling and classification of hazardous waste, (3) the collection, transportation, processing, disposal, and storage of hazardous waste, and (4) other matters as may be determined necessary for the public health, welfare and safety. The county may issue permits or licenses for hazardous waste generation and may require the generators be registered with a county office. The ordinance may require appropriate procedures for the payment by the generator of any costs incurred by the county in completing such procedures. If the generator fails to complete such procedures, the county may recover the costs of completion in a civil action in any court of competent jurisdiction or, in the discretion of the board, the costs may be certified to the county auditor as a special tax against the land as other taxes are collected. The ordinance may be enforced by injunction, action to compel performance, ~~or~~ other action in district court, or administrative penalty order authorized under section 116.072. County hazardous waste ordinances shall embody and be consistent with agency hazardous waste rules. Counties shall submit adopted ordinances to the agency for review. In the event that agency rules are modified, each county shall modify its ordinances accordingly and shall submit the modification to the agency for review within 120 days. Issuing, denying, modifying, imposing conditions upon, or revoking permits or licenses and county hazardous waste regulations and ordinances shall be subject to review, denial, suspension, modification, and reversal by the pollution control agency. The pollution control agency shall after written notification have 15 days in the case of hazardous waste permits and licenses and 30 days in the case of hazardous waste ordinances to review, deny, suspend, modify, or reverse the action of the county. After this period, the action of the county board shall be final subject to appeal to the district court as provided in section 115.05.

(b) A county may not impose a fee under this section on material that is reused at the facility where the material is generated in a manner that the facility owner or operator can demonstrate does not increase the toxicity of, or the level of hazardous substances or pollutants or contaminants in, products that leave the facility.

Sec. 46. Minnesota Statutes 1994, section 473.149, subdivision 1, is amended to read:

Subdivision 1. [POLICY PLAN; GENERAL REQUIREMENTS.] The ~~metropolitan council shall prepare and by resolution adopt as part of its development guide a~~ director of the office of

environmental assistance may revise the metropolitan long range policy plan for solid waste management ~~in the metropolitan area. When~~ adopted, and revised by the metropolitan council prior to the transfer of powers and duties in Laws 1994, chapter 639, article 5, section 2. The plan shall be followed in the metropolitan area. Until the director revises it, the plan adopted and revised by the council on September 26, 1991, remains in effect. The plan shall address the state policies and purposes expressed in section 115A.02. In revising the plan the director shall ~~substantially conform to all policy statements, purposes, goals, standards, maps and plans in development guide sections and plans adopted by the council, provided that no land shall be thereby excluded from consideration as a solid waste facility site except land determined by the agency to be intrinsically unsuitable for such use~~ follow the procedures in subdivision 3. The plan shall include goals and policies for solid waste management, including recycling consistent with section 115A.551, and household hazardous waste management consistent with section 115A.96, subdivision 6, in the metropolitan area ~~and, to the extent appropriate, statements and information similar to that required under section 473.146, subdivision 1~~.

The plan shall include criteria and standards for solid waste facilities and solid waste facility sites respecting the following matters: general location; capacity; operation; processing techniques; environmental impact; effect on existing, planned, or proposed collection services and waste facilities; and economic viability. The plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plan shall include additional criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan. In ~~developing~~ revising the plan, the ~~council~~ director shall consider the orderly and economic development, public and private, of the metropolitan area; the preservation and best and most economical use of land and water resources in the metropolitan area; the protection and enhancement of environmental quality; the conservation and reuse of resources and energy; the preservation and promotion of conditions conducive to efficient, competitive, and adaptable systems of waste management; and the orderly resolution of questions concerning changes in systems of waste management. Criteria and standards for solid waste facilities shall be consistent with rules adopted by the pollution control agency pursuant to chapter 116 and shall be at least as stringent as the guidelines, regulations, and standards of the federal Environmental Protection Agency.

Sec. 47. Minnesota Statutes 1994, section 473.149, subdivision 2d, is amended to read:

Subd. 2d. [LAND DISPOSAL ABATEMENT PLAN.] (a) ~~After considering any county land disposal abatement proposals and waste stream analysis that have been submitted under section 473.803, subdivision 1b,~~ The ~~council~~ director shall ~~amend its~~ include in the policy plan ~~to include~~ specific and quantifiable metropolitan objectives for abating to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste and of specific components of the solid waste stream, including residuals and ash, either by type of waste or class of generator.

(b) The objectives must be stated in ~~annual increments through the year 1990 and thereafter in five-year~~ six-year increments for a period of at least 20 years from the date of adoption of policy plan revisions. The plan must include a reduced estimate of the capacity, based on the ~~council's~~ abatement objectives, needed for the disposal of various types of waste in each ~~five-year~~ six-year increment ~~and the general area of the region where the capacity should be developed~~.

(c) The plan must include objectives for waste reduction and measurable objectives for local abatement of solid waste through resource recovery, recycling, and source separation programs for each metropolitan county stated in ~~annual increments through the year 1990 and in five-year~~ six-year increments for a period of at least 20 years from the date of adoption of policy plan revisions.

(d) The standards must be based upon and implement the ~~council's~~ metropolitan abatement objectives. The ~~council's~~ plan must include standards and procedures to be used by the ~~council~~ director in determining whether a metropolitan county has implemented the ~~council's~~ metropolitan land disposal abatement plan and has achieved the objectives for local abatement.

Sec. 48. Minnesota Statutes 1994, section 473.149, subdivision 2e, is amended to read:

Subd. 2e. [SOLID WASTE DISPOSAL ~~FACILITIES DEVELOPMENT SCHEDULE~~ CAPACITY NEEDS.] ~~(a)~~ After requesting and considering recommendations from the counties, cities, and towns, the ~~council~~ director as part of ~~its~~ the policy plan shall determine ~~the number of sites and~~ the capacity ~~of sites~~ needed ~~within~~ to serve the metropolitan area for disposal of solid waste ~~disposal facilities.~~

~~(b) The council shall adopt a schedule of disposal capacity to be developed within the metropolitan area~~, including residuals and ash, in ~~five-year~~ six-year increments for a period of at least 20 years from adoption of ~~development schedule~~ policy plan revisions. In making the ~~schedule may not allow~~ capacity ~~in excess of~~ determination, the director must take into account the ~~council's~~ reduced estimate of ~~the~~ disposal capacity needed because of the ~~council's~~ land disposal abatement plan.

~~(c) The council shall make the implementation of elements of the schedule contingent on actions of each county in adopting and implementing abatement plans pursuant to section 473.803, subdivision 1b. The council may review the development schedule every year and revise the development schedule based on the progress made in the implementation of the council's abatement plans and achievement of metropolitan and local abatement objectives. The council shall review and revise, by resolution following public hearing, the development schedule based on significant changes in the landfill capacity of the metropolitan area. The schedule must include procedures and criteria for making revisions.~~

~~(d)~~ The ~~schedule~~ director's determination must include standards and procedures for ~~council~~ certification of need pursuant to section 473.823. ~~The schedule must also include a closure schedule and plans for postclosure management and disposition of facilities, including facilities in existence before the adoption of the development schedule.~~

Sec. 49. Minnesota Statutes 1994, section 473.149, subdivision 3, is amended to read:

Subd. 3. [PREPARATION ~~AND~~; ADOPTION; AND REVISION.] (a) The solid waste policy plan shall be prepared, adopted, and ~~amended~~ revised as necessary in accordance with paragraphs (c) to (e), after consultation with the metropolitan counties and the pollution control agency. ~~Any comprehensive plan adopted by the council shall remain in force and effect while new or amended plans are being prepared and adopted by the council. No~~

(b) Revisions to the policy plan are exempt from the rulemaking provisions of chapter 14.

(c) Before beginning preparation of revisions to the policy plan, the director shall publish a predrafting notice in the State Register that includes a statement of the subjects expected to be covered by the revisions, including a summary of the important problems and issues. The notice must solicit comments from the public and state that the comments must be received by the director within 45 days of publication of the notice. The director shall consider the comments in preparing the revisions.

(d) After publication of the predrafting notice and before adopting revisions to the policy plan, the director shall publish a notice in the State Register that:

(1) contains a summary of the proposed revisions;

(2) invites public comment;

(3) lists locations where the proposed revised policy plan can be reviewed and states that copies of the proposed revised policy plan can also be obtained from the office;

(4) states a location for a public meeting on the revisions at a time no earlier than 30 days from the date of publication; and

(5) advises the public that they have 30 days from the date of the public meeting in clause (4) to submit comments on the revisions to the director.

(e) At the meeting described in paragraph (d), clause (4), the public shall be given an

opportunity to present their views on the policy plan revisions. The director shall incorporate any amendments to the proposed revisions that, in the director's view, will help to carry out the requirements of subdivisions 1, 2d, and 2e. At or before the time that policy plan revisions are finally adopted, the director shall issue a report that addresses issues raised in the public comments. The report shall be made available to the public and mailed to interested persons who have submitted their names and addresses to the director.

(f) The criteria and standards adopted in the policy plan for review of solid waste facility permits pursuant to section 473.823, subdivision 3; for issuance of certificates of need pursuant to section 473.823, subdivision 6; and for review of solid waste contracts pursuant to section 473.813 may be appealed to the court of appeals within 30 days after final adoption of the policy plan. The court may declare the challenged portion of the policy plan invalid if it violates constitutional provisions, is in excess of statutory authority of the director, or was adopted without compliance with the procedures in this subdivision. The review shall be on the record created during the adoption of the policy plan, except that additional evidence may be included in the record if the court finds that the additional evidence is material and there were good reasons for failure to present it in the proceedings described in paragraphs (c) to (e).

(g) The metropolitan council or a metropolitan county, local government unit, commission, or person shall not acquire, construct, improve or operate any solid waste facility in the metropolitan area except in accordance with the ~~council's~~ plan and section 473.823, provided that no solid waste facility in use when a plan is adopted shall be discontinued solely because it is not located in an area designated in the plan as acceptable for the location of such facilities.

Sec. 50. Minnesota Statutes 1994, section 473.149, subdivision 6, is amended to read:

Subd. 6. [REPORT TO LEGISLATURE.] The ~~council~~ director shall report on abatement to the legislative commission on waste management by July 1 of each odd-numbered year. The report must include an assessment of whether the objectives of the metropolitan abatement plan have been met and whether each county and each class of city within each county have achieved the objectives set for it in the ~~council's~~ plan. The report must recommend any legislation that may be required to implement the plan. The report shall ~~include the reports~~ be included in the report required by ~~sections 115A.551, subdivision 4; 473.846; and 473.848, subdivision 4~~ section 115A.411. If in any year the ~~council~~ director reports that the objectives of the ~~council's~~ abatement plan have not been met, the ~~council~~ director shall evaluate and report on the need to reassign governmental responsibilities among cities, counties, and metropolitan agencies to assure implementation and achievement of the metropolitan and local abatement plans and objectives.

The report ~~in each even-numbered year~~ must include a report on the operating, capital, and debt service costs of solid waste facilities in the metropolitan area; changes in the costs; the methods used to pay the costs; and the resultant allocation of costs among users of the facilities and the general public. The facility costs report must present the cost and financing analysis in the aggregate and broken down by county and by major facility.

Sec. 51. Minnesota Statutes 1994, section 473.803, subdivision 1c, is amended to read:

Subd. 1c. [COUNTY ABATEMENT PLAN.] Each county shall revise its master plan to include a land disposal abatement element to implement the ~~council's~~ metropolitan land disposal abatement plan adopted under section 473.149, subdivision 2d, and shall submit the revised master plan to the ~~council~~ director for review under subdivision 2 within nine months after the adoption of the ~~council's~~ metropolitan abatement plan. The county plan must implement the local abatement objectives for the county and cities within the county as stated in the ~~council's~~ metropolitan abatement plan. The county abatement plan must include specific and quantifiable county objectives, based on the ~~council's~~ objectives in the metropolitan abatement plan, for abating to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste and of specific components of the solid waste stream generated in the county, stated in ~~annual increments through the date specified in section 473.848 and in two five-year~~ six-year increments ~~thereafter~~ for a period of at least 20 years from the date of metropolitan policy plan revisions. The plan must include measurable performance standards for local abatement of solid waste through resource recovery and waste reduction and separation programs and activities for the county as a whole and for statutory or home rule charter cities of

the first, second, and third class, respectively, in the county, stated in ~~annual increments through the date specified in section 473.848 and in two five year~~ six-year increments ~~thereafter~~ for a period of at least 20 years from the date of metropolitan policy plan revisions. The performance standards must implement the metropolitan and county abatement objectives. The plan must include standards and procedures to be used by the county in determining annually under subdivision 3 whether a city within the county has implemented the plan and has satisfied the performance standards for local abatement. The master plan revision required by this subdivision must be prepared in consultation with the advisory committee established pursuant to subdivision 4.

Sec. 52. Minnesota Statutes 1994, section 473.803, subdivision 2, is amended to read:

Subd. 2. [~~COUNCIL~~ DIRECTOR REVIEW.] The ~~council~~ director shall review each master plan or revision thereof to determine whether it is consistent with the ~~council's~~ metropolitan policy plan. If it is not consistent, the ~~council~~ director shall disapprove and return the plan with its comments to the county for revision and resubmittal. The county shall have 90 days to revise and resubmit the plan for ~~council~~ the director's approval. Any county solid waste plan or report approved by the council prior to ~~April 9, 1976~~ July 1, 1994, shall remain in effect until a new master plan is submitted to and approved by the ~~council~~ director in accordance with this section.

The ~~council~~ director shall review the household hazardous waste management portion of each county's plan in cooperation with the agency.

Sec. 53. Minnesota Statutes 1994, section 473.803, subdivision 4, is amended to read:

Subd. 4. [ADVISORY COMMITTEE.] ~~By July 1, 1984,~~ Each county shall establish a solid waste management advisory committee to aid in the preparation of the county master plan, any revisions thereof, and such additional matters as the county deems appropriate. The committee must consist of citizen representatives, representatives from towns and cities within the county, and representatives from private waste management firms. The committee must include residents of towns or cities within the county containing solid waste disposal facilities. Members of the ~~council's~~ solid waste advisory committee established under section 473.149, subdivision 4, who reside in the county are ex officio members of the county advisory committee. ~~A representative of the metropolitan council~~ The director or the director's appointee is an ex officio member of the committee.

Sec. 54. Minnesota Statutes 1994, section 473.811, subdivision 5c, is amended to read:

Subd. 5c. [COUNTY ENFORCEMENT.] Each metropolitan county shall be responsible for insuring that waste facilities, solid waste collection operations licensed or regulated by the county and hazardous waste generation and collection operations are brought into conformance with, or terminated and abandoned in accordance with, applicable county ordinances; rules and requirements of the state; and the policy plan ~~of the council~~. Counties may provide by ordinance that operators or owners or both of such facilities or operations shall be responsible to the county for satisfactorily performing the procedures required. If operators or owners or both fail to perform, the county may recover the costs incurred by the county in completing the procedures in a civil action in any court of competent jurisdiction or, in the discretion of the board, the costs may be certified to the county auditor as a special tax against the land. The ordinances may be enforced by action in district court or administrative penalty order authorized under section 116.072. The county may prescribe a criminal penalty for the violation of any ordinance enacted under this section not exceeding the maximum which may be specified for a misdemeanor.

Sec. 55. Minnesota Statutes 1994, section 473.843, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF FEE; APPLICATION.] The operator of a mixed municipal solid waste disposal facility in the metropolitan area shall pay a fee on solid waste accepted and disposed at the facility as follows:

(a) A facility that weighs the waste that it accepts must pay a fee of $6.66 per ton of waste accepted at the entrance of the facility.

(b) A facility that does not weigh the waste but that measures the volume of the waste that it

accepts must pay a fee of $2 per cubic yard of waste accepted at the entrance of the facility. This fee and the tipping fee must be calculated on the same basis.

(c) Waste residue, from recycling facilities at which recyclable materials are separated or processed for the purposes of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse, is exempt from the fee imposed by this subdivision if there is at least an 85 percent ~~volume~~ weight reduction in the solid waste processed. To qualify for exemption under this clause, waste residue must be brought to a disposal facility separately. The commissioner of revenue, with the advice and assistance of the ~~council~~ director and the agency, shall prescribe procedures for determining the amount of waste residue qualifying for exemption.

Sec. 56. Minnesota Statutes 1994, section 473.846, is amended to read:

473.846 [REPORT TO LEGISLATURE.]

The agency and ~~metropolitan council~~ the director shall submit to the senate finance committee, the house ways and means committee, and the legislative commission on waste management separate reports describing the activities for which money from the landfill abatement account and contingency action trust fund has been spent. The agency shall report by November 1 of each year on expenditures during its previous fiscal year. The ~~council~~ director shall report on expenditures during the previous calendar year and must incorporate its report in the report required by section ~~473.149~~ 115A.411, due July 1 of each odd-numbered year. The ~~council~~ director shall make recommendations to the legislative commission on waste management on the future management and use of the metropolitan landfill abatement account.

Sec. 57. [480.0515] [PAPERS TO BE SUBMITTED ON RECYCLED PAPER.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Attorney" means an attorney at law admitted to practice law in this state.

(c) "Document" means a document that is required or permitted to be filed with a court concerning an action that is to be commenced or is pending before the court.

Subd. 2. [REQUIREMENT.] (a) Except as provided in subdivision 3, a document submitted by an attorney to a court of this state, and all papers appended to the document, must be submitted on paper containing not less than ten percent postconsumer material, as defined in section 115A.03, subdivision 24b.

(b) A court may not refuse a document solely because the document was not submitted on recycled paper.

Subd. 3. [EXCEPTIONS.] (a) Subdivision 1 does not apply to:

(1) a photograph;

(2) an original document that was prepared or printed before January 1, 1996;

(3) a document that was not created at the direction or under the control of the submitting attorney;

(4) a facsimile copy otherwise permitted to be filed with the court in lieu of the original document, provided that if the original is also required to be filed, it must be submitted in compliance with this section; or

(5) nonrecycled paper and preprinted forms acquired or printed before January 1, 1996.

(b) This section does not apply if recycled paper is not readily available.

Sec. 58. Laws 1994, chapter 585, section 51, is amended to read:

Sec. 51. [ELECTRONIC APPLIANCES; REPORT.]

By ~~July~~ August 1, 1995, the director of the office of waste management, in consultation with the commissioner of the pollution control agency and counties, shall submit a report to the legislative commission on waste management regarding management of waste electronic appliances that:

(1) identifies types of electronic appliances that contain materials that pose problems in the solid waste management system;

(2) explains how those waste appliances are presently managed and identifies any adverse environmental effects of present management; and

(3) recommends, if necessary, legislation to govern management of waste electronic appliances.

For the purposes of this section, "electronic appliances" includes at least audio, video, computing, printing, communication, and telecommunication equipment and apparatuses that contain electronic components, including but not limited to radios, televisions, computers, computer printers, small electronic kitchen appliances, telefacsimile equipment, and household and commercial communication transmission and reception equipment, but does not include major appliances as defined in Minnesota Statutes, section 115A.03, subdivision 17a.

Sec. 59. Laws 1994, chapter 628, article 3, section 209, is amended to read:

Sec. 209. [REPEALER.]

(a) Minnesota Statutes 1992, sections 115A.03, subdivision 20; ~~115A.33;~~ 174.22, subdivision 4; 473.121, subdivisions 15 and 21; 473.122; 473.146, subdivisions 2, 2a, 2b, and 2c; 473.153; 473.161; 473.163; 473.181, subdivision 3; 473.325, subdivision 5; 473.384, subdivision 9; 473.388, subdivision 6; 473.404, as amended by Laws 1993, chapter 119, section 1; 473.405, subdivisions 2, 6, 7, 8, 11, 13, and 14; 473.417; 473.435; 473.436, subdivision 7; 473.445, subdivisions 1 and 3; 473.501, subdivision 2; 473.503; 473.504, subdivisions 1, 2, 3, 7, and 8; 473.511, subdivision 5; 473.517, subdivision 8; 473.543, subdivision 5; and 473.553, subdivision 4a, are repealed.

(b) Minnesota Statutes 1992, sections 473.121, subdivision 14a; 473.141, as amended by Laws 1993, chapter 314, sections 3 and 4; 473.373, as amended by Laws 1993, chapter 314, section 5; 473.375, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 10, 16, 17, and 18; 473.377; 473.38; Minnesota Statutes 1993 Supplement, section 473.3996, are repealed.

Sec. 60. [REPORT.]

The commissioner of the pollution control agency and the agency board shall each, by February 1, 1996, report to the chairs of the senate governmental operations and veterans committee, and the house of representatives governmental operations committee on the effect of the agency board's activities on the agency's ability to operate in a timely, efficient, and effective manner. The report must include recommended changes to improve the agency's ability to further the policy in Minnesota Statutes, section 116.01.

Sec. 61. [TEMPORARY EXEMPTION FOR CARPET RECYCLING FACILITIES.]

Until August 1, 1996, waste residue from a used carpet recycling facility is exempt from the fee imposed by Minnesota Statutes, section 473.843, if there is at least a 50 percent weight reduction in the solid waste processed at the facility. For the purposes of this section, "used carpet" means carpet that is no longer suitable for its original intended purpose because of wear, damage, or defect.

Sec. 62. [STUDY ON BARRIERS TO INCREASED RECYCLING OF CORRUGATED PAPER PRODUCTS AND USED CARPETING.]

By November 1, 1995, the office of environmental assistance shall conduct an analysis and make recommendations to the legislative commission on waste management regarding measures to remove barriers that prevent increased recycling of corrugated paper products and used carpeting. For purposes of this section, "corrugated paper products" means boxes, containers, liners, sheets, or other products made from corrugated paper. "Used carpeting" means carpeting that is no longer suitable for its original intended purpose because of wear, damage, or defect.

Sec. 63. [REENACTMENT.]

Notwithstanding Minnesota Statutes, section 645.36, Minnesota Statutes 1992, section 115A.33, as repealed by Laws 1994, chapter 628, article 3, section 209, is reenacted.

Sec. 64. [APPLICATION.]

Sections 46 to 56 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 65. [INSTRUCTION TO REVISOR.]

The revisor shall recodify Minnesota Statutes, sections 115A.47, subdivision 2, paragraphs (b), (d), and (g), and 115A.931, paragraph (b), as definitions in Minnesota Statutes, section 115A.03, and recast the language as necessary to conform to the other definitions in that section.

Sec. 66. [REPEALER.]

(a) Minnesota Statutes 1994, sections 116.94; 473.149, subdivisions 2, 2a, 2c, and 2f; and 473.803, subdivision 1b, are repealed.

(b) Minnesota Statutes 1994, section 473.803, subdivision 1e, is repealed.

(c) Minnesota Statutes 1994, section 115A.165, is repealed.

Sec. 67. [EFFECTIVE DATE.]

Sections 4, 5, 36, 46 to 53, 58, 65, and 66, paragraph (a), are effective on the day following final enactment.

Sections 8 and 9 are effective on June 15, 1995.

Section 57 is effective January 1, 1996.

ARTICLE 2

TECHNICAL

Section 1. Minnesota Statutes 1994, section 115A.055, is amended to read:

115A.055 [OFFICE OF ENVIRONMENTAL ASSISTANCE.]

Subdivision 1. [ORGANIZATION OF OFFICE.] The office of environmental assistance is an agency in the executive branch headed by a director appointed by the commissioner of the pollution control agency, with the advice and consent of the senate, to serve in the unclassified service. The director may appoint two assistant directors in the unclassified service and may appoint other employees, as needed, in the classified service. The office is a department of the state only for purposes of section 16B.37, subdivision 2.

Subd. 2. [TRANSFER OF ADDITIONAL POWERS AND DUTIES.] After July 1, 1994, the solid and hazardous waste management powers and duties of the office and director transferred to them from the metropolitan council by Laws 1994, chapter 639, article 5, section 2, are governed by sections 473.149, 473.151, and 473.801 to 473.849.

Sec. 2. Minnesota Statutes 1994, section 115A.07, subdivision 3, is amended to read:

Subd. 3. [UNIFORM WASTE STATISTICS; RULES.] The director, after consulting with the commissioner, ~~the metropolitan council,~~ local government units, and other interested persons, may adopt rules to establish uniform methods for collecting and reporting waste reduction, generation, collection, transportation, storage, recycling, processing, and disposal statistics necessary for proper waste management and for reporting required by law. Prior to publishing proposed rules, the director shall submit draft rules to the legislative commission on waste management for review and comment. Rules adopted under this subdivision apply to all persons and units of government in the state for the purpose of collecting and reporting waste-related statistics requested under or required by law.

Sec. 3. Minnesota Statutes 1994, section 115A.072, subdivision 1, is amended to read:

Subdivision 1. [WASTE EDUCATION COALITION.] (a) The director shall provide for the development and implementation of a program of general public education on waste management in cooperation and coordination with the pollution control agency, ~~metropolitan council,~~ department of education, department of agriculture, environmental quality board, environmental education board, educational institutions, other public agencies with responsibility for waste management or public education, and three other persons who represent private industry and who have knowledge of or expertise in recycling and solid waste management issues. The objectives of the program are to: develop increased public awareness of and interest in environmentally sound waste management methods; encourage better informed decisions on waste management issues by business, industry, local governments, and the public; and disseminate practical information about ways in which households and other institutions and organizations can improve the management of waste.

(b) The director shall appoint an advisory task force, to be called the waste education coalition, of up to 18 members to advise the director in carrying out the director's responsibilities under this section and whose membership represents the agencies and entities listed in this subdivision. The task force expires on June 30, 1997.

Sec. 4. Minnesota Statutes 1994, section 115A.12, is amended to read:

115A.12 [ADVISORY COUNCILS.]

(a) The director shall establish a solid waste management advisory council, a hazardous waste management planning council, and a market development coordinating council, that are broadly representative of the geographic areas and interests of the state.

(b) The solid waste council shall have not less than nine nor more than 21 members. The membership of the solid waste council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives from private solid waste management firms. The solid waste council shall contain at least three members experienced in the private recycling industry and at least one member experienced in each of the following areas: state and municipal finance; solid waste collection, processing, and disposal; and solid waste reduction and resource recovery.

(c) The hazardous waste council shall have not less than nine nor more than 18 members. The membership of the hazardous waste advisory council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives of hazardous waste generators and private hazardous waste management firms.

(d) The market development coordinating council shall have not less than nine nor more than 18 members and shall consist of one representative from the department of trade and economic development, the department of administration, the pollution control agency, Minnesota Technology, Inc., ~~the metropolitan council,~~ and the legislative commission on waste management. The other members shall represent local government units, private recycling markets, and private recycling collectors. The market development coordinating council expires June 30, 1997.

(e) The chairs of the advisory councils shall be appointed by the director. The director shall provide administrative and staff services for the advisory councils. The advisory councils shall have such duties as are assigned by law or the director. The solid waste advisory council shall make recommendations to the office on its solid waste management activities. The hazardous waste advisory council shall make recommendations to the office on its activities under sections 115A.08, 115A.09, 115A.10, 115A.11, 115A.20, 115A.21, and 115A.24. Members of the advisory councils shall serve without compensation but shall be reimbursed for their reasonable expenses as determined by the director. The solid waste management advisory council and the hazardous waste management planning council expire June 30, 1997.

Sec. 5. Minnesota Statutes 1994, section 115A.14, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The commission shall oversee the activities of the office, and agency~~, and metropolitan council~~ relating to solid and hazardous waste management,

and direct such changes or additions in the work plan of the office, and agency, ~~and council~~ relating to solid and hazardous waste management as the commission deems fit.

(b) The commission shall make recommendations to the standing legislative committees on finance and appropriations for appropriations from the environmental response, compensation, and compliance account in the environmental fund under section 115B.20, subdivision 5.

(c) The commission may conduct public hearings and otherwise secure data and expressions of opinion. The commission shall make such recommendations as it deems proper to assist the legislature in formulating legislation. Any data or information compiled by the commission shall be made available to any standing or interim committee of the legislature upon request of the chair of the respective committee.

Sec. 6. Minnesota Statutes 1994, section 115A.15, subdivision 9, is amended to read:

Subd. 9. [RECYCLING GOAL.] By December 31, 1993, the commissioner shall recycle at least 40 percent by weight of the solid waste generated by state offices and other state operations located in the metropolitan area. By March 1 of each year the commissioner shall report to the office ~~and the metropolitan council~~ the estimated recycling rates by county for state offices and other state operations in the metropolitan area for the previous calendar year. The office shall incorporate these figures into the reports submitted by the counties under section 115A.557, subdivision 3, to determine each county's progress toward the goal in section 115A.551, subdivision 2.

Each state agency in the metropolitan area shall work to meet the recycling goal individually. If the goal is not met by an agency, the commissioner shall notify that agency that the goal has not been met and the reasons the goal has not been met and shall provide information to the employees in the agency regarding recycling opportunities and expectations.

Sec. 7. Minnesota Statutes 1994, section 115A.191, subdivision 1, is amended to read:

Subdivision 1. [OFFICE TO SEEK CONTRACTS.] The office ~~of waste management~~ and any eligible county board may enter a contract as provided in this section expressing their voluntary and mutually satisfactory agreement concerning the location and development of a stabilization and containment facility. The director shall negotiate contracts with eligible counties and shall present drafts of the negotiated contracts to the office for its approval. The director shall actively solicit, encourage, and assist counties, together with developers, landowners, the local business community, and other interested parties, in developing resolutions of interest. The county shall provide affected political subdivisions and other interested persons with an opportunity to suggest contract terms.

Sec. 8. Minnesota Statutes 1994, section 115A.191, subdivision 2, is amended to read:

Subd. 2. [RESOLUTION OF INTEREST IN NEGOTIATING; ELIGIBILITY.] A county is eligible to negotiate a contract under this section if the county board files with the office ~~of waste management~~ and the office accepts a resolution adopted by the county board that expresses the county board's interest in negotiations and its willingness to accept the preliminary evaluation of one or more study areas in the county for consideration as a location of a stabilization and containment facility. The county board resolution expressing interest in negotiations must provide for county cooperation with the office, as necessary to facilitate the evaluation of study areas in the county, and for the appointment of a member of the county board or an officer or employee of the county as official liaison with the office with respect to the matters provided in the resolution and future negotiations with the office. A county board by resolution may withdraw a resolution of interest, and the office ~~of waste management~~ may withdraw its acceptance of such a resolution, at any time before the parties execute a contract under this section. A county that is eligible to negotiate a contract shall receive the benefits as provided in section 477A.012.

Sec. 9. Minnesota Statutes 1994, section 115A.32, is amended to read:

115A.32 [RULES.]

The board shall promulgate rules pursuant to chapter 14 to govern its activities under sections 115A.32 to 115A.39. For the purposes of sections 115A.32 to 115A.39, "board" means the

environmental quality board established in section 116C.03. In all of its activities and deliberations under sections 115A.32 to 115A.39, the board shall consult with the director of the office ~~of waste management~~.

Sec. 10. Minnesota Statutes 1994, section 115A.42, is amended to read:

115A.42 [ESTABLISHMENT AND ADMINISTRATION.]

There is established a program to encourage and improve regional and local solid waste management planning activities and efforts and to further the state policies and purposes expressed in section 115A.02. The program under sections 115A.42 to 115A.46 is administered by the ~~office~~ director pursuant to rules promulgated under chapter 14, except in the metropolitan area where the program is administered by the ~~metropolitan council pursuant to chapter 473~~ director pursuant to section 473.149. The ~~office and the metropolitan council~~ director shall ensure conformance with federal requirements and programs established pursuant to the Resource Conservation and Recovery Act of 1976 and amendments thereto.

Sec. 11. Minnesota Statutes 1994, section 115A.45, is amended to read:

115A.45 [TECHNICAL ASSISTANCE.]

The director ~~and metropolitan council~~ shall provide for technical assistance to encourage and improve solid waste management and to assist political subdivisions in preparing the plans described in section 115A.46. The director ~~and metropolitan council~~ shall provide model plans for regional and local solid waste management. The director ~~and metropolitan council~~ may contract for the delivery of technical assistance by a regional development commission, any state or federal agency, private consultants, or other persons. The director shall prepare and publish an inventory of sources of technical assistance for solid waste planning, including studies, publications, agencies, and persons available.

Sec. 12. Minnesota Statutes 1994, section 115A.46, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] (a) Plans shall address the state policies and purposes expressed in section 115A.02 and may not be inconsistent with state law.

(b) Plans for the location, establishment, operation, maintenance, and postclosure use of facilities and facility sites, for ordinances, and for licensing, permit, and enforcement activities shall be consistent with the rules adopted by the agency pursuant to chapter 116.

(c) Plans shall address:

(1) the resolution of conflicting, duplicative, or overlapping local management efforts;

(2) the establishment of joint powers management programs or waste management districts where appropriate; and

(3) other matters as the rules of the office may require consistent with the purposes of sections 115A.42 to 115A.46.

(d) Political subdivisions preparing plans under sections 115A.42 to 115A.46 shall consult with persons presently providing solid waste collection, processing, and disposal services.

(e) Plans must be submitted to the director~~, or the metropolitan council pursuant to section 473.803,~~ for approval. When a county board is ready to have a final plan approved, the county board shall submit a resolution requesting review and approval by the director ~~or the metropolitan council~~. After receiving the resolution, the director ~~or the metropolitan council~~ shall notify the county within 45 days whether the plan as submitted is complete and, if not complete, the specific items that need to be submitted to make the plan complete. Within 90 days after a complete plan has been submitted, the director ~~or the metropolitan council~~ shall approve or disapprove the plan. If the plan is disapproved, reasons for the disapproval must be provided.

(f) After initial approval, each plan must be updated and submitted for approval every five years. The plan must be revised as necessary so that it is not inconsistent with state law.

Sec. 13. Minnesota Statutes 1994, section 115A.5501, subdivision 2, is amended to read:

Subd. 2. [MEASUREMENT; PROCEDURES.] To measure the overall percentage of packaging in the statewide solid waste stream, the director ~~and the chair of the metropolitan council~~, in consultation with the commissioner, shall ~~each~~ conduct ~~an~~ annual solid waste composition ~~study~~ studies in the nonmetropolitan and metropolitan areas ~~respectively~~ or shall develop an alternative method that is as statistically reliable as a waste composition study to measure the percentage of packaging in the waste stream.

~~The chair of the council shall submit the results from the metropolitan area to the director by May 1 of each year.~~ The director shall average the nonmetropolitan and metropolitan results and submit the statewide percentage, along with a statistically reliable margin of error, to the legislative commission on waste management by July 1 of each year. The 1994 report must include a discussion of the reliability of data gathered under this subdivision and the methodology used to determine a statistically reliable margin of error.

Sec. 14. Minnesota Statutes 1994, section 115A.5501, subdivision 3, is amended to read:

Subd. 3. [FACILITY COOPERATION AND REPORTS.] The owner or operator of a facility shall allow access upon reasonable notice to authorized office~~,~~ or agency~~, or metropolitan council~~ staff for the purpose of conducting waste composition studies or otherwise assessing the amount of total packaging in the waste delivered to the facility under this section.

Beginning in 1993, by February 1 of each year the owner or operator of a facility governed by this subdivision shall submit a report to the commissioner, on a form prescribed by the commissioner, specifying the total amount of solid waste received by the facility between January 1 and December 31 of the previous year. The commissioner shall calculate the total amount of solid waste delivered to solid waste facilities from the reports received from the facility owners or operators and shall report the aggregate amount to the director by April 1 of each year. The commissioner shall assess a nonforgivable administrative penalty under section 116.072 of $500 plus any forgivable amount necessary to enforce this subdivision on any owner or operator who fails to submit a report required by this subdivision.

Sec. 15. Minnesota Statutes 1994, section 115A.551, subdivision 5, is amended to read:

Subd. 5. [FAILURE TO MEET GOAL.] (a) A county failing to meet the interim goals in subdivision 3 shall, as a minimum:

(1) notify county residents of the failure to achieve the goal and why the goal was not achieved; and

(2) provide county residents with information on recycling programs offered by the county.

(b) If, based on the recycling monitoring described in subdivision 4, the director ~~or the metropolitan council~~ finds that a county will be unable to meet the recycling goals established in subdivisions 2 and 2a, the director ~~or council~~ shall, after consideration of the reasons for the county's inability to meet the goals, recommend legislation for consideration by the legislative commission on waste management to establish mandatory recycling standards and to authorize the director ~~or council~~ to mandate appropriate solid waste management techniques designed to meet the standards in those counties that are unable to meet the goals.

Sec. 16. Minnesota Statutes 1994, section 115A.558, is amended to read:

115A.558 [SAFETY GUIDE.]

The pollution control agency, in cooperation with the office ~~of waste management and the metropolitan council~~, shall prepare and distribute to all interested persons a guide for operation of a recycling or yard waste composting facility to protect the environment and public health.

Sec. 17. Minnesota Statutes 1994, section 115A.63, subdivision 3, is amended to read:

Subd. 3. [RESTRICTIONS.] No waste district shall be established within the boundaries of the Western Lake Superior Sanitary District established under chapter 458D. No waste district shall

be established wholly within one county. The director shall not establish a waste district within or extending into the metropolitan area, nor define or alter the powers or boundaries of a district, ~~without the approval of the metropolitan council. The council shall not approve a district~~ unless the articles of incorporation of the district require that the district will have the same procedural and substantive responsibilities, duties, and relationship to the metropolitan agencies as a metropolitan county. The director shall require the completion of a comprehensive solid waste management plan conforming to the requirements of section 115A.46, by petitioners seeking to establish a district.

Sec. 18. Minnesota Statutes 1994, section 115A.84, subdivision 3, is amended to read:

Subd. 3. [PLAN APPROVAL.] (a) A district or county planning a designation ~~for waste generated wholly within the metropolitan area defined in section 473.121 shall submit its designation plan to the metropolitan council for review and approval or disapproval. Other districts or counties~~ shall submit the designation plan to the director for review and approval or disapproval.

(b) The ~~reviewing authority~~ director shall complete ~~its~~ the review and make ~~its~~ a decision within 120 days following submission of the plan for review. The ~~reviewing authority~~ director shall approve the designation plan if the plan satisfies the requirements of subdivision 2 and, in the case of designation to disposal facilities, if the ~~reviewing authority~~ director finds that the plan has demonstrated that the designation is necessary and is consistent with section 115A.02. The ~~reviewing authority~~ director may attach conditions to ~~its~~ the approval that relate to matters required in a designation ordinance under section 115A.86, subdivision 1, paragraph (a), clauses (1) to (4), and paragraph (b). Amendments to plans must be submitted for review in accordance with this subdivision.

Sec. 19. Minnesota Statutes 1994, section 115A.86, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] A district or county ~~whose designation applies wholly within the metropolitan area defined in section 473.121 shall submit the designation ordinance, together with any negotiated contracts assuring the delivery of solid waste, to the metropolitan council for review and approval or disapproval. Other districts or counties~~ shall submit the designation ordinance, together with any negotiated contracts assuring the delivery of solid waste, to the director for review and approval or disapproval. The director shall complete the review and make a decision within 90 days following submission of the designation for review. The director shall approve the designation if the director determines that the designation procedure specified in section 115A.85 was followed and that the designation is based on a plan approved under section 115A.84. The director may attach conditions to the approval.

Sec. 20. Minnesota Statutes 1994, section 115A.951, subdivision 4, is amended to read:

Subd. 4. [COLLECTION OF USED DIRECTORIES.] Each publisher or distributor of telephone directories shall:

(1) provide for the collection and delivery to a recycler of waste telephone directories;

(2) inform recipients of directories of the collection system; and

(3) submit a report to the office ~~of waste management~~ by August 1 of each year that specifies the percentage of distributed directories collected as waste directories by distribution area and the locations where the waste directories were delivered for recycling and that verifies that the directories have been recycled.

Sec. 21. Minnesota Statutes 1994, section 115A.97, subdivision 5, is amended to read:

Subd. 5. [PLANS; REPORT.] A county solid waste plan, or revision of a plan, that includes incineration of mixed municipal solid waste must clearly state how the county plans to meet the goals in subdivision 1 of reducing the toxicity and quantity of incinerator ash and of reducing the quantity of processing residuals that require disposal. The director, in cooperation with the agency, and the counties, ~~and the metropolitan council~~, may develop guidelines for counties to use to identify ways to meet the goals in subdivision 1.

~~The director, in cooperation with the agency, the counties, and the metropolitan council, shall develop and propose statewide goals and timetables for the reduction of the noncombustible fraction of mixed municipal solid waste prior to incineration or processing into refuse-derived fuel and for the reduction of the toxicity of the incinerator ash. By January 1, 1990, the director shall report to the legislative commission on waste management on the proposal goals and timetables with recommendations for their implementation.~~

Sec. 22. Minnesota Statutes 1994, section 115A.97, subdivision 6, is amended to read:

Subd. 6. [PERMITS; AGENCY REPORT.] An application for a permit to build or operate a mixed municipal solid waste incinerator, including an application for permit renewal, must clearly state how the applicant will achieve the goals in subdivision 1 of reducing the toxicity and quantity of incinerator ash and of reducing the quantity of processing residuals that require disposal. The agency, in cooperation with the director~~,~~ and the counties, ~~and the metropolitan council,~~ may develop guidelines for applicants to use to identify ways to meet the goals in subdivision 1.

If, by January 1, 1990, the rules required by subdivision 3 are not in at least final draft form, the agency shall report to the legislative commission on waste management on the status of current incinerator ash management programs with recommendations for specific legislation to meet the goals of subdivision 1.

Sec. 23. Minnesota Statutes 1994, section 115A.981, subdivision 3, is amended to read:

Subd. 3. [REPORT.] (a) The commissioner shall report to the legislative commission on waste management by July 1 of each odd-numbered year on the economic status and outlook of the state's solid waste management sector including an estimate of the extent to which prices for solid waste management paid by consumers reflect costs related to environmental and public health protection, including a discussion of how prices are publicly and privately subsidized and how identified costs of waste management are not reflected in the prices.

(b) In preparing the report, the commissioner shall:

(1) consult with the director; ~~the metropolitan council;~~ local government units; solid waste collectors, transporters, and processors; owners and operators of solid waste facilities; and other interested persons;

(2) consider and analyze information received under subdivision 2 and information available under section 115A.929; and

(3) analyze information gathered and comments received relating to the most recent solid waste management policy report prepared under section 115A.411.

The commissioner shall also recommend any legislation necessary to ensure adequate and reliable information needed for preparation of the report.

(c) The report must also include:

(1) statewide and facility by facility estimates of the total potential costs and liabilities associated with solid waste disposal facilities for closure and postclosure care, response costs under chapter 115B, and any other potential costs, liabilities, or financial responsibilities;

(2) statewide and facility by facility requirements for proof of financial responsibility under section 116.07, subdivision 4h, and how each facility is meeting those requirements.

Sec. 24. Minnesota Statutes 1994, section 473.149, subdivision 4, is amended to read:

Subd. 4. [ADVISORY COMMITTEE.] The ~~council~~ director shall establish an advisory committee to aid in the preparation of the policy plan, the performance of the ~~council's~~ director's responsibilities under subdivisions ~~2 to~~ 2d and 2e, the review of county master plans and reports and applications for permits for waste facilities, under sections 473.151~~,~~ and 473.801 to 473.823, ~~and 473.831,~~ and other duties determined by the ~~council~~ director. The committee shall consist of one-third citizen representatives, one-third representatives from metropolitan counties and municipalities, and one-third representatives from private waste management firms. A

representative from the pollution control agency~~, one from the office of waste management established under section 115A.055,~~ and one from the Minnesota health department shall serve as ex officio members of the committee.

Sec. 25. Minnesota Statutes 1994, section 473.151, is amended to read:

473.151 [DISCLOSURE.]

For the purpose of the rules, plans, and reports required or authorized by sections 473.149, 473.516, 473.801 to 473.823 and this section, each generator of hazardous waste and each owner or operator of a collection service or waste facility annually shall make the following information available to the agency, council, office of environmental assistance, and metropolitan counties: a schedule of rates and charges in effect or proposed for a collection service or the processing of waste delivered to a waste facility and a description, in aggregate amounts indicating the general character of the solid and hazardous waste collection and processing system, of the types and the quantity, by types, of waste generated, collected, or processed. The county, council, office, and agency shall act in accordance with the provisions of section 116.075, subdivision 2, with respect to information for which confidentiality is claimed.

Sec. 26. Minnesota Statutes 1994, section 473.516, subdivision 2, is amended to read:

Subd. 2. [GENERAL REQUIREMENTS.] With respect to its activities under this section, the council shall be subject to and comply with the applicable provisions of this chapter. Property acquired by the council under this section shall be subject to the provisions of section 473.545. Any site or facility owned or operated for or by the council shall conform to the policy plan adopted ~~by the council~~ under section 473.149. The council shall contract with private persons for the construction, maintenance, and operation of waste facilities, subject to the bidding requirements of section 473.523, where the facilities are adequate and available for use and competitive with other means of providing the same service.

Sec. 27. Minnesota Statutes 1994, section 473.801, subdivision 1, is amended to read:

Subdivision 1. [TERMS.] For the purposes of sections 473.801 to ~~473.845 and Laws 1985, chapter 274, section 45~~ 473.849, the terms defined in this section have the meanings given them.

Sec. 28. Minnesota Statutes 1994, section 473.801, is amended by adding a subdivision to read:

Subd. 5. [DIRECTOR.] "Director" means the director of the office of environmental assistance.

Sec. 29. Minnesota Statutes 1994, section 473.801, is amended by adding a subdivision to read:

Subd. 6. [OFFICE.] "Office" means the office of environmental assistance.

Sec. 30. Minnesota Statutes 1994, section 473.8011, is amended to read:

473.8011 [METROPOLITAN AGENCY RECYCLING GOAL.]

By December 31, 1993, the metropolitan council, each metropolitan agency as defined in section 473.121, and the metropolitan mosquito control district established in section 473.702 shall recycle at least 40 percent by weight of the solid waste generated by their offices or other operations. The ~~council~~ director shall provide information and technical assistance to the council, agencies, and the district to implement effective recycling programs.

By August 1 of each year, the council, each agency, and the district shall submit to the office ~~of waste management~~ a report for the previous fiscal year describing recycling rates, specified by the county in which the council, agency, or operation is located, and progress toward meeting the recycling goal. The office shall incorporate the recycling rates reported in the respective county's recycling rates for the previous fiscal year.

If the goal is not met, the council, agency, or district must include in its 1994 report reasons for not meeting the goal and a plan for meeting it in the future.

Sec. 31. Minnesota Statutes 1994, section 473.803, subdivision 1, is amended to read:

Subdivision 1. [COUNTY MASTER PLANS; GENERAL REQUIREMENTS.] Each metropolitan county, following adoption or revision of the ~~council's solid waste~~ metropolitan policy plan and in accordance with the dates specified therein, and after consultation with all affected local government units, shall prepare and submit to ~~the council for its~~ the director for approval, a county solid waste master plan to implement the policy plan. The master plan shall be revised and resubmitted at such times as the ~~council's~~ metropolitan policy plan may require. The master plan shall describe county solid waste activities, functions, and facilities; the existing system of solid waste generation, collection, and processing, and disposal within the county; proposed mechanisms for complying with the recycling requirements of section 115A.551, and the household hazardous waste management requirements of section 115A.96, subdivision 6; existing and proposed county and municipal ordinances and license and permit requirements relating to solid waste facilities and solid waste generation, collection, and processing, and disposal; existing or proposed municipal, county, or private solid waste facilities and collection services within the county together with schedules of existing rates and charges to users and statements as to the extent to which such facilities and services will or may be used to implement the policy plan; and any solid waste facility which the county owns or plans to acquire, construct, or improve together with statements as to the planned method, estimated cost and time of acquisition, proposed procedures for operation and maintenance of each facility; an estimate of the annual cost of operation and maintenance of each facility; an estimate of the annual gross revenues which will be received from the operation of each facility; and a proposal for the use of each facility after it is no longer needed or usable as a waste facility. The master plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the master plan shall contain criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan.

Sec. 32. Minnesota Statutes 1994, section 473.803, subdivision 2a, is amended to read:

Subd. 2a. [WASTE ABATEMENT.] The ~~council~~ director may require any county that fails to meet the waste abatement objectives contained in the ~~council's~~ metropolitan policy plan to amend its master plan to address methods to achieve the objectives. The master plan amendment is subject to ~~council~~ review and approval as provided in subdivision 2 and must consider at least:

(1) minimum recycling service levels for solid waste generators;

(2) mandatory generator participation in recycling programs including separation of recyclable material from mixed municipal solid waste;

(3) use of organized solid waste collection under section 115A.94; and

(4) waste abatement participation incentives including provision of storage bins, weekly collection of recyclable material, expansion of the types of recyclable material for collection, collection of recyclable material on the same day as collection of solid waste, and financial incentives such as basing charges to generators for waste collection services on the volume of waste generated and discounting collection charges for generators who separate recyclable material for collection separate from their solid waste.

Sec. 33. Minnesota Statutes 1994, section 473.803, subdivision 3, is amended to read:

Subd. 3. [ANNUAL REPORT.] By April 1 of each year, each metropolitan county shall prepare and submit to the ~~council~~ director for ~~its~~ approval a report containing information, as ~~the council may prescribe~~ prescribed in ~~its~~ the metropolitan policy plan, concerning solid waste generation and management within the county. The report shall include a statement of progress in achieving the land disposal abatement objectives for the county and classes of cities in the county as stated in the ~~council's~~ metropolitan policy plan and county master plan. The report must list cities that have not satisfied the county performance standards for local abatement required by subdivision 1c. The report must include a schedule of rates and charges in effect or proposed for the use of any solid waste facility owned or operated by or on its behalf, together with a statement of the basis for such charges.

The report shall contain the recycling development grant report required by section 473.8441 and the annual certification report required by section 473.848.

Sec. 34. Minnesota Statutes 1994, section 473.803, subdivision 5, is amended to read:

Subd. 5. [ROLE OF PRIVATE SECTOR; COUNTY OVERSIGHT.] A county may include in its solid waste management master plan and in its plan for county land disposal abatement a determination that the private sector will achieve, either in part or in whole, the goals and requirements of sections 473.149 and 473.803, as long as the county:

(1) retains active oversight over the efforts of the private sector and monitors performance to ensure compliance with the law and the goals and standards ~~of~~ in the ~~council and the county as expressed in the~~ metropolitan ~~solid waste management~~ policy plan and the county master plan;

(2) continues to meet its responsibilities under the law for ensuring proper waste management, including, at a minimum, enforcing waste management law, providing waste education, promoting waste reduction, and providing its residents the opportunity to recycle waste materials; and

(3) continues to provide all required reports on the county's progress in meeting the waste management goals and standards of this chapter and chapter 115A.

Sec. 35. Minnesota Statutes 1994, section 473.804, is amended to read:

473.804 [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT.]

By June 30, 1992, each metropolitan county shall develop and implement a permanent program to manage household hazardous waste. Each program must include at least quarterly collection of wastes. Each program must be consistent with the ~~council's~~ metropolitan policy plan and must be described as part of each county's solid waste master plan revision as required under section 473.803, subdivision 1.

Sec. 36. Minnesota Statutes 1994, section 473.811, subdivision 1, is amended to read:

Subdivision 1. [COUNTY ACQUISITION OF FACILITIES.] To accomplish the purpose specified in section 473.803, each metropolitan county may acquire by purchase, lease, gift or condemnation as provided by law, upon such terms and conditions as it shall determine, including contracts for deed and conditional sales contracts, solid waste facilities or properties or easements for solid waste facilities which are in accordance with rules adopted by the agency, the policy plan ~~adopted by the council~~ and the approved county master plan ~~as approved by the council~~, and may improve or construct improvements on any property or facility so acquired. No metropolitan city, county or town shall own or operate a hazardous waste facility, except a facility to manage household hazardous waste. Each metropolitan county is authorized to levy a tax in anticipation of need for expenditure for the acquisition and betterment of solid waste facilities. If a tax is levied in anticipation of need, the purpose must be specified in a resolution of the county directing that the levy and the proceeds of the tax may be used only for that purpose. Until so used, the proceeds shall be retained in a separate fund or invested in the same manner as surplus in a sinking fund may be invested under section 475.66. The right of condemnation shall be exercised in accordance with chapter 117.

For the purposes of this section "solid waste facility" includes a facility to manage household hazardous waste.

Sec. 37. Minnesota Statutes 1994, section 473.811, subdivision 4a, is amended to read:

Subd. 4a. [ORDINANCES; GENERAL CONDITIONS; RESTRICTIONS; APPLICATION.] Ordinances of counties and local government units related to or affecting waste management shall embody plans, policies, rules, standards and requirements adopted by any state agency authorized to manage or plan for or regulate the management of waste and the waste management plans adopted ~~by the council~~ under section 473.149 and shall be consistent with approved county master plans ~~approved by the council~~. Except as provided in this subdivision, a county may establish and operate or contract for the establishment or operation of a solid waste disposal facility without complying with local ordinances if the ~~council~~ director certifies need under section 473.823, subdivision 6. With the approval of the ~~council~~ director, local government units may impose and

enforce reasonable conditions respecting the construction, operation, inspection, monitoring, and maintenance of the disposal facilities. No local government unit shall prevent the establishment or operation of any solid waste facility in accordance with the ~~council's~~ director's decision under section 473.823, subdivision 5, except that, with the approval of the ~~council~~ director, the local government unit may impose reasonable conditions respecting the construction, inspection, monitoring, and maintenance of a facility.

Sec. 38. Minnesota Statutes 1994, section 473.811, subdivision 5, is amended to read:

Subd. 5. [ORDINANCES; SOLID WASTE COLLECTION AND TRANSPORTATION.] (a) Each metropolitan county may adopt ordinances governing the collection of solid waste. A county may adopt, but may not be required to adopt, an ordinance that requires the separation from mixed municipal waste, by generators before collection, of materials that can readily be separated for use or reuse as substitutes for raw materials or for transformation into a usable soil amendment.

(b) Each local unit of government within the metropolitan area shall adopt an ordinance governing the collection of solid waste within its boundaries. If the county within which it is located has adopted a collection ordinance, the local unit shall adopt either the county ordinance by reference or a more strict ordinance. If the county within which it is located has adopted a separation ordinance, the ordinance applies in all local units within the county that have failed to meet the local abatement performance standards, as stated in the most recent annual county report.

(c) Ordinances of counties and local government units may establish reasonable conditions respecting but shall not prevent the transportation of solid waste by a licensed collector through and between counties and local units, except as required for the enforcement of any designation of a facility by a county under chapter 115A or for enforcement of the prohibition on disposal of unprocessed mixed municipal solid waste under sections 473.848 and 473.849.

(d) A licensed collector or a metropolitan county or local government unit may request review by the ~~council~~ director of an ordinance adopted under this subdivision. The ~~council~~ director shall approve or disapprove the ordinance within 60 days of the submission of a request for review. The ordinance shall remain in effect unless it is disapproved.

(e) Ordinances of counties and local units of government:

(1) shall provide for the enforcement of any designation of facilities by the counties under chapter 115A;

(2) may require waste collectors and transporters to deliver unprocessed mixed municipal waste generated in the county to processing facilities; and

(3) may prohibit waste collectors and transporters from delivering unprocessed mixed municipal solid waste generated in the county to disposal facilities for final disposal.

(f) Nothing in this subdivision limits the authority of the local government unit to regulate and license collectors of solid waste or to require review or approval by the ~~council~~ director for ordinances regulating collection.

Sec. 39. Minnesota Statutes 1994, section 473.811, subdivision 7, is amended to read:

Subd. 7. [JOINT ACTION.] Any local governmental unit or metropolitan agency may act together with any county, city, or town within or without the metropolitan area, or with the pollution control agency or the office ~~of waste management~~ under the provisions of section 471.59 or any other appropriate law providing for joint or cooperative action between government units, to accomplish any purpose specified in sections 473.149, 473.151, 473.801 to 473.823, 473.834, 116.05 and 115A.06.

Any agreement regarding data processing services relating to the generation, management, identification, labeling, classification, storage, collection, treatment, transportation, processing or disposal of waste and entered into pursuant to section 471.59, or other law authorizing joint or cooperative action may provide that any party to the agreement may agree to defend, indemnify and hold harmless any other party to the agreement providing the services, including its employees, officers or volunteers, against any judgments, expenses, reasonable attorney's fees and

amounts paid in settlement actually and reasonably incurred in connection with any third party claim or demand arising out of an alleged act or omission by a party to the agreement, its employees, officers or volunteers occurring in connection with any exchange, retention, storage or processing of data, information or records required by the agreement. Any liability incurred by a party to an agreement under this subdivision shall be subject to the limitations set forth in section 3.736 or 466.04.

Sec. 40. Minnesota Statutes 1994, section 473.811, subdivision 8, is amended to read:

Subd. 8. [COUNTY SALE OR LEASE.] Each metropolitan county may sell or lease any facilities or property or property rights previously used or acquired to accomplish the purposes specified by sections 473.149, 473.151, 473.801 to 473.823, and 473.834. Such property may be sold in the manner provided by section 469.065, or may be sold in the manner and on the terms and conditions determined by the county board. Each metropolitan county may convey to or permit the use of any such property by a local government unit, with or without compensation, without submitting the matter to the voters of the county. No real property or property rights acquired pursuant to this section, may be disposed of in any manner unless and until the county shall have submitted to the agency and the ~~metropolitan council~~ director for review and comment the terms on and the use for which the property will be disposed of. The agency and the ~~council~~ director shall review and comment on the proposed disposition within 60 days after each has received the data relating thereto from the county.

Sec. 41. Minnesota Statutes 1994, section 473.813, subdivision 2, is amended to read:

Subd. 2. Before a city, county, or town enters into any contract pursuant to subdivision 1 for a period of more than five years, the city, county, or town shall submit the proposed contract and a description of the proposed activities under the contract to the ~~council~~ director for review and approval. The ~~council~~ director shall approve the proposed contract if ~~it~~ the director determines that the contract is consistent with the ~~council's~~ metropolitan policy plan, permits issued under section 473.823, and county reports or approved master plans ~~approved by the council~~. The ~~council~~ director may consolidate ~~its~~ the review of contracts submitted under this section with ~~its~~ the review of related permit applications submitted under section 473.823 and for this purpose may delay the review required by this section.

Sec. 42. Minnesota Statutes 1994, section 473.823, subdivision 3, is amended to read:

Subd. 3. [SOLID WASTE FACILITIES; REVIEW PROCEDURES.] (a) The agency shall request applicants for solid waste facility permits to submit all information deemed relevant by the ~~council to its~~ director for review, including without limitation information relating to the geographic areas and population served, the need, the effect on existing facilities and services, the effectiveness of proposed buffer areas to ensure, at a minimum, protection of surrounding land uses from adverse or incompatible impacts due to landfill operation and related activities, the anticipated public cost and benefit, the anticipated rates and charges, the manner of financing, the effect on metropolitan plans and development programs, the supply of waste, anticipated markets for any product, and alternative means of disposal or energy production.

(b) A permit may not be issued for the operation of a solid waste facility in the metropolitan area which is not in accordance with the metropolitan ~~council's solid waste~~ policy plan. The ~~metropolitan council~~ director shall determine whether a permit is in accordance with the policy plan. In making ~~its~~ this determination, the ~~council~~ director shall consider the areawide need and benefit of the applicant facility and the effectiveness of proposed buffer areas to adequately protect surrounding land uses in accordance with ~~its~~ the policy plan, and may consider, without limitation, the effect of the applicant facility on existing and planned solid waste facilities.

(c) If the ~~council~~ director determines that a permit is in accordance with ~~its~~ the policy plan, the ~~council~~ director shall approve the permit. If the ~~council~~ director determines that a permit is not in accordance with ~~its~~ the policy plan, ~~it~~ the director shall disapprove the permit. ~~The council's~~ Approval of permits may be subject to conditions the director determines are necessary to satisfy criteria and standards in ~~its~~ the policy plan, including conditions respecting the type, character, and quantities of waste to be processed at a solid waste facility used primarily for resource recovery and the geographic territory from which a resource recovery facility or transfer station serving such a facility may draw its waste.

(d) For the purpose of this review and approval ~~by the council~~, the agency shall send a copy of each permit application and any supporting information furnished by the applicant to the ~~metropolitan council~~ director within 15 days after receipt of the application and all other information requested from the applicant. Within 60 days after the application and supporting information are received by the ~~council~~ director, unless a time extension is authorized by the agency, the ~~council~~ director shall issue to the agency in writing ~~its~~ a determination whether the permit is disapproved, approved, or approved with conditions. If the ~~council~~ director does not issue ~~its~~ a determination to the agency within the 60-day period, unless a time extension is authorized by the agency, the permit shall be deemed to be in accordance with the ~~council's~~ policy plan.

(e) A permit may not be issued in the metropolitan area for a solid waste facility used primarily for resource recovery or a transfer station serving the facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the ~~council~~ director finds and determines that adequate markets exist for the products recovered and that establishment of the facility is consistent with the criteria and standards in the metropolitan and county plans respecting the protection of existing resource recovery facilities and transfer stations serving such facilities.

Sec. 43. Minnesota Statutes 1994, section 473.823, subdivision 5, is amended to read:

Subd. 5. [REVIEW OF WASTE PROCESSING FACILITIES.] (a) A metropolitan county may establish a waste processing facility within the county without complying with local ordinances, if the action is approved by the ~~council~~ director in accordance with the review process established by this subdivision. A county requesting review ~~by the council~~ shall show that:

(1) the required permits for the proposed facility have been or will be issued by the agency;

(2) the facility is consistent with the ~~council's~~ metropolitan policy plan and the approved county master plan; and

(3) a local government unit has refused to approve the establishment or operation of the facility, has failed to deny or approve establishment or operation of the facility within the time period required in section 115A.31, or has approved the application or request with conditions that are unreasonable or impossible for the county to meet.

(b) The ~~council~~ director shall ~~meet to~~ commence the review within 90 days of the submission of a request determined by the ~~council~~ director to satisfy the requirements for review under this subdivision. ~~At the meeting~~ Upon commencing the review the ~~chair~~ director shall ~~recommend and the council~~ establish a scope and procedure, including criteria, for ~~its~~ the review and final decision on the proposed facility. The procedure shall require the ~~council~~ director to make a final decision on the proposed facility within 120 days following the commencement of review. For facilities other than waste incineration and mixed municipal solid waste composting facilities, the ~~council~~ director shall ~~meet to~~ commence the review within 45 days of submission of the request and shall make a final decision within 75 days following commencement of review.

(c) The ~~council~~ director shall conduct at least one public hearing in the city or town within which the proposed facility would be located. Notice of the hearing shall be published in a newspaper or newspapers of general circulation in the area for two successive weeks ending at least 15 days before the date of the hearing. The notice shall describe the proposed facility, its location, the proposed permits, and the ~~council's~~ scope, procedure, and criteria for review. The notice shall identify a location or locations within the local government unit and county where the permit applications and the ~~council's~~ scope, procedure, and criteria for review are available for review and where copies may be obtained.

(d) In ~~its~~ the review and final decision on the proposed facility, the ~~council~~ director shall consider at least the following matters:

(1) the risk and effect of the proposed facility on local residents, units of government, and the local public health, safety, and welfare, and the degree to which the risk or effect may be alleviated;

(2) the consistency of the proposed facility with, and its effect on, existing and planned local land use and development; local laws, ordinances, and permits; and local public facilities and services;

(3) the adverse effects of the facility on agriculture and natural resources and opportunities to mitigate or eliminate such adverse effects by additional stipulations, conditions, and requirements respecting the design and operation of the proposed facility at the proposed site;

(4) the need for the proposed facility and the availability of alternative sites;

(5) the consistency of the proposed facility with the county master plan adopted pursuant to section 473.803 and the ~~council's~~ policy plan adopted pursuant to section 473.149; and

(6) transportation facilities and distance to points of waste generation.

(e) ~~In its final decision in the review,~~ The ~~council~~ director may either approve or disapprove the proposed facility at the proposed site. The ~~council's~~ approval shall embody all terms, conditions, and requirements of the permitting state agencies, provided that the ~~council~~ director may require more stringent permit terms, conditions, and requirements respecting the design, construction, operation, inspection, monitoring, and maintenance of the proposed facility at the proposed site.

Sec. 44. Minnesota Statutes 1994, section 473.823, subdivision 6, is amended to read:

Subd. 6. [~~COUNCIL;~~ CERTIFICATION OF NEED.] No new mixed municipal solid waste disposal facility or capacity shall be permitted in the metropolitan area without a certificate of need issued by the ~~council~~ director indicating ~~the council's~~ a determination that the additional disposal capacity planned for the facility is needed in the metropolitan area. The ~~council~~ director shall amend ~~its~~ the policy plan, adopted pursuant to section 473.149, to include standards and procedures for certifying need that conform to the certification standards stated in this subdivision. The standards and procedures shall be based on the ~~council's~~ metropolitan disposal abatement plan adopted pursuant to section 473.149, subdivision 2d, the ~~council's~~ solid waste disposal facilities development schedule adopted under section 473.149, subdivision 2e, and the provisions of any master plans of counties that have been approved ~~by the council~~ under section 473.803, subdivision 2, and that are consistent with the ~~council's~~ abatement plan and development schedule. The ~~council~~ director shall certify need only to the extent that there are no feasible and prudent alternatives to the disposal facility, including waste reduction, source separation and resource recovery which would minimize adverse impact upon natural resources. Alternatives that are speculative or conjectural shall not be deemed to be feasible and prudent. Economic considerations alone shall not justify the certification of need or the rejection of alternatives.

Sec. 45. Minnesota Statutes 1994, section 473.844, subdivision 1a, is amended to read:

Subd. 1a. [USE OF FUNDS.] (a) The money in the account may be spent only for the following purposes:

(1) assistance to any person for resource recovery projects funded under subdivision 4 or projects to develop and coordinate markets for reusable or recyclable waste materials, including related public education, planning, and technical assistance;

(2) grants to counties under section 473.8441;

(3) program administration ~~by the metropolitan council~~;

(4) public education on solid waste reduction and recycling;

(5) solid waste research; and

(6) grants to multicounty groups for regionwide planning for solid waste management system operations and use of management capacity.

(b) The ~~council~~ director shall allocate at least 50 percent of the annual revenue received by the account for grants to counties under section 473.8441.

Sec. 46. Minnesota Statutes 1994, section 473.844, subdivision 4, is amended to read:

Subd. 4. [RESOURCE RECOVERY GRANTS AND LOANS.] The grant and loan program under this subdivision is administered by the ~~metropolitan council~~ director. Grants and loans may be made to any person for resource recovery projects. The grants and loans may include the cost of planning, acquisition of land and equipment, and capital improvements. Grants and loans for planning may not exceed 50 percent of the planning costs. Grants and loans for acquisition of land and equipment and for capital improvements may not exceed 50 percent of the cost of the project. Grants and loans may be made for public education on the need for the resource recovery projects. A grant or loan for land, equipment, or capital improvements may not be made until the ~~metropolitan council~~ director has determined the total estimated capital cost of the project and ascertained that full financing of the project is assured. Grants and loans made to cities, counties, or solid waste management districts must be for projects that are in conformance with approved master plans. A grant or loan to a city or town must be reviewed and approved by the county for conformance with the county master plan. The ~~council~~ director shall require, where practical, cooperative purchase between cities, counties, and districts of capital equipment.

Sec. 47. Minnesota Statutes 1994, section 473.8441, subdivision 2, is amended to read:

Subd. 2. [PROGRAM.] The ~~council~~ director shall encourage the development of permanent local recycling programs throughout the metropolitan area. ~~By January 1, 1988, the council shall develop performance indicators for local recycling that will measure the availability and use of recycling throughout the metropolitan area.~~ The ~~council~~ director shall make grants to qualifying metropolitan counties as provided in this section.

Sec. 48. Minnesota Statutes 1994, section 473.8441, subdivision 4, is amended to read:

Subd. 4. [GRANT CONDITIONS.] The ~~council~~ director shall administer grants so that the following conditions are met:

(a) A county must apply for a grant in the manner determined by the ~~council~~ director. The application must describe the activities for which the grant will be used.

(b) The activities funded must be consistent with the ~~council's~~ metropolitan policy plan and the county master plan.

(c) A grant must be matched by equal county expenditures for the activities for which the grant is made.

(d) All grant funds must be used for new activities or to enhance or increase the effectiveness of existing activities in the county.

(e) Counties shall provide support to maintain effective municipal recycling where it is already established.

Sec. 49. Minnesota Statutes 1994, section 473.8441, subdivision 5, is amended to read:

Subd. 5. [GRANT ALLOCATION PROCEDURE.] (a) The ~~council~~ director shall distribute the funds annually so that each qualifying county receives an equal share of 50 percent of the ~~council's~~ allocation to the program described in this section, plus a proportionate share of the remaining funds available for the program. A county's proportionate share is an amount that has the same proportion to the total remaining funds as the number of households in the county has to the total number of households in all metropolitan counties.

(b) To qualify for distribution of funds, a county, by April 1 of each year, must submit ~~for council~~ to the director for approval a report on expenditures and activities under the program during the preceding fiscal year and any proposed changes in its recycling implementation strategy or performance funding system. The report shall be included in the county report required by section 473.803, subdivision 3.

Sec. 50. Minnesota Statutes 1994, section 473.845, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURE NOTIFICATION.] The commissioner shall notify the ~~chair~~ director of the office and the director of the legislative commission on waste management before making expenditures from the fund.

Sec. 51. Minnesota Statutes 1994, section 473.848, subdivision 2, is amended to read:

Subd. 2. [COUNTY CERTIFICATION; ~~COUNCIL~~ OFFICE APPROVAL.] (a) By April 1 of each year, each county shall submit an annual certification report to the ~~council~~ office detailing:

(1) the quantity of waste generated in the county that was not processed prior to transfer to a disposal facility during the year preceding the report;

(2) the reasons the waste was not processed;

(3) a strategy for development of techniques to ensure processing of waste including a specific timeline for implementation of those techniques; and

(4) any progress made by the county in reducing the amount of unprocessed waste.

The report shall be included in the county report required by section 473.803, subdivision 3.

(b) The ~~council~~ office shall approve a county's certification report if it determines that the county is reducing and will continue to reduce the amount of unprocessed waste, based on the report and the county's progress in development and implementation of techniques to reduce the amount of unprocessed waste transferred to disposal facilities. If the ~~council~~ office does not approve a county's report, it shall negotiate with the county to develop and implement specific techniques to reduce unprocessed waste. If the ~~council~~ office does not approve two or more consecutive reports from any one county, the ~~council~~ office shall develop specific reduction techniques that are designed for the particular needs of the county. The county shall implement those techniques by specific dates to be determined by the ~~council~~ office.

Sec. 52. Minnesota Statutes 1994, section 473.848, subdivision 4, is amended to read:

Subd. 4. [~~COUNCIL~~ OFFICE REPORT.] The ~~council~~ office shall include, as part of its report to the legislative commission on waste management required under section 473.149, an accounting of the quantity of unprocessed waste transferred to disposal facilities, the reasons the waste was not processed, a strategy for reducing the amount of unprocessed waste, and progress made by counties to reduce the amount of unprocessed waste. The ~~council~~ office may adopt standards for determining when waste is unprocessible and procedures for expediting certification and reporting of unprocessed waste.

Sec. 53. [APPLICATION.]

Sections 24 to 52 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 54. [INSTRUCTION TO REVISOR.]

The revisor shall substitute the term "office of environmental assistance" for the term "office of waste management" in Minnesota Statutes, sections 15A.081, 41A.066, 43A.08, 115B.20, 116.07, 116.101, 116.99, and 477A.012.

Sec. 55. [REPEALER.]

Minnesota Statutes 1994, sections 115A.47; 115A.81, subdivision 3; 115A.90, subdivision 3; 383D.71, subdivision 2; 473.149, subdivision 5; and 473.181, subdivision 4, are repealed.

Sec. 56. [EFFECTIVE DATE.]

Sections 1 to 53 and 55 are effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the environment; implementing the transfer of solid waste management duties of the metropolitan council to the office of environmental assistance; providing for the management of waste; providing penalties; amending Minnesota Statutes 1992, section 115A.33, as reenacted; Minnesota Statutes 1994, sections 16B.122, subdivision 3; 115.071, subdivision 1; 115A.055; 115A.07, subdivision 3; 115A.072, subdivisions 1, 3, and 4;

115A.12; 115A.14, subdivision 4; 115A.15, subdivision 9; 115A.191, subdivisions 1 and 2; 115A.32; 115A.411; 115A.42; 115A.45; 115A.46, subdivisions 1 and 5; 115A.55, subdivision 3, and by adding a subdivision; 115A.5501, subdivisions 2, 3, and 4; 115A.5502; 115A.551, subdivisions 2a, 4, 5, 6, and 7; 115A.554; 115A.557, subdivisions 3 and 4; 115A.558; 115A.63, subdivision 3; 115A.84, subdivision 3; 115A.86, subdivision 2; 115A.919, subdivision 3; 115A.921, subdivision 1; 115A.923, subdivision 1; 115A.9302, subdivisions 1 and 2; 115A.951, subdivision 4; 115A.96, subdivision 2; 115A.965, subdivision 1; 115A.97, subdivisions 5 and 6; 115A.981, subdivision 3; 115D.03, subdivision 5, and by adding a subdivision; 115D.05; 115D.07, subdivisions 1 and 2; 115D.08, subdivision 1; 115D.10; 116.07, subdivisions 4a and 4j; 116.072; 116.66, subdivisions 2 and 4; 116.92, subdivision 4; 325E.0951, subdivision 5; 400.16; 400.161; 473.149, subdivisions 1, 2d, 2e, 3, 4, and 6; 473.151; 473.516, subdivision 2; 473.801, subdivision 1, and by adding subdivisions; 473.8011; 473.803, subdivisions 1, 1c, 2, 2a, 3, 4, and 5; 473.804; 473.811, subdivisions 1, 4a, 5, 5c, 7, and 8; 473.813, subdivision 2; 473.823, subdivisions 3, 5, and 6; 473.843, subdivision 1; 473.844, subdivisions 1a and 4; 473.8441, subdivisions 2, 4, and 5; 473.845, subdivision 4; 473.846; and 473.848, subdivisions 2 and 4; Laws 1994, chapters 585, section 51; 628, article 3, section 209; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; 116; and 480; repealing Minnesota Statutes 1994, sections 115A.165; 115A.81, subdivision 3; 115A.90, subdivision 3; 116.94; 383D.71, subdivision 2; 473.149, subdivisions 2, 2a, 2c, 2f, and 5; 473.181, subdivision 4; and 473.803, subdivisions 1b and 1e."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Janet B. Johnson, Deanna Wiener

House Conferees: (Signed) Jean Wagenius, Dennis Ozment, Myron Orfield

Ms. Johnson, J.B. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 462 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Lessard moved that the recommendations and Conference Committee Report on S.F. No. 462 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the motion of Mr. Lessard.

The roll was called, and there were yeas 43 and nays 23, as follows:

Those who voted in the affirmative were:

Beckman	Janezich	Langseth	Neuville	Samuelson
Belanger	Johnson, D.E.	Larson	Novak	Scheevel
Berg	Johnson, D.J.	Lesewski	Oliver	Solon
Bertram	Johnston	Lessard	Olson	Stevens
Chandler	Kiscaden	Limmer	Ourada	Stumpf
Chmielewski	Kleis	Metzen	Pariseau	Terwilliger
Day	Knutson	Moe, R.D.	Robertson	Vickerman
Dille	Kramer	Mondale	Runbeck	
Finn	Laidig	Murphy	Sams	

Those who voted in the negative were:

Anderson	Frederickson	Krentz	Piper	Riveness
Berglin	Hanson	Kroening	Pogemiller	Spear
Betzold	Hottinger	Marty	Price	Wiener
Cohen	Johnson, J.B.	Merriam	Ranum	
Flynn	Kelly	Morse	Reichgott Junge	

The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Messrs. Metzen, Solon, Larson, Day and Belanger introduced--

S.F. No. 1751: A bill for an act relating to commerce; regulating new motor vehicle warranties; restricting the termination or cancellation of salvage on rebuilt vehicles; proposing coding for new law in Minnesota Statutes, chapter 325F.

Referred to the Committee on Commerce and Consumer Protection.

Messrs. Janezich; Moe, R.D.; Johnson, D.E.; Larson and Ms. Reichgott Junge introduced--

S.F. No. 1752: A bill for an act relating to commerce; charitable and endorsement solicitation; defining solicitor; requiring a solicitor to identify volunteer or paid status and to provide written information on the solicitor's name, intent, tax status, and address; providing the solicited party with a right of cancellation and requiring that the solicitor provide written notice to the solicited party of the right of cancellation; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 325G.

Referred to the Committee on Commerce and Consumer Protection.

Mr. Laidig introduced--

S.F. No. 1753: A bill for an act relating to animals; prohibiting the group training of dogs on state wildlife management areas; amending Minnesota Statutes 1994, section 97B.005, subdivision 1.

Referred to the Committee on Environment and Natural Resources.

Ms. Runbeck, Messrs. Merriam, Larson, Ms. Olson and Mr. Samuelson introduced--

S.F. No. 1754: A bill for an act relating to health; providing for medical savings accounts and a pilot project; abolishing MinnesotaCare; amending Minnesota Statutes 1994, section 290.01, subdivisions 19a, 19b, 19d; proposing coding for new law as Minnesota Statutes, chapter 62S; repealing Laws 1992, chapter 549; Laws 1993, chapters 247 and 345; and Laws 1994, chapter 625.

Referred to the Committee on Health Care.

Mses. Runbeck, Olson and Mr. Kramer introduced--

S.F. No. 1755: A bill for an act relating to insurance; requiring the commissioner of commerce to study medical savings accounts.

Referred to the Committee on Commerce and Consumer Protection.

Messrs. Kleis, Stevens, Scheevel, Ms. Robertson and Mr. Metzen introduced--

S.F. No. 1756: A bill for an act relating to state government; authorizing the commissioner of finance to obtain savings from early retirements and voluntary terminations; proposing coding for new law in Minnesota Statutes, chapter 16A.

Referred to the Committee on Governmental Operations and Veterans.

Ms. Johnson, J.B. introduced--

S.F. No. 1757: A bill for an act relating to forests; creating a program to restore the white pine; amending Minnesota Statutes 1994, section 89.37, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 89.

Referred to the Committee on Environment and Natural Resources.

Mr. Terwilliger introduced--

S.F. No. 1758: A bill for an act relating to state government; requiring the commissioner of administration to conduct a study of state-owned lands.

Referred to the Committee on Governmental Operations and Veterans.

Messrs. Mondale and Stevens introduced--

S.F. No. 1759: A bill for an act relating to the environment; creating an environmental audit privilege; proposing coding for new law in Minnesota Statutes, chapter 115.

Referred to the Committee on Environment and Natural Resources.

Ms. Runbeck introduced--

S.F. No. 1760: A bill for an act relating to insurance; authorizing the establishment and use of medical savings accounts; exempting contributions from taxation; amending Minnesota Statutes 1994, section 290.01, subdivisions 19a, 19b, and 19d; proposing coding for new law as Minnesota Statutes, chapter 62S.

Referred to the Committee on Health Care.

Messrs. Finn, Stumpf and Vickerman introduced--

S.F. No. 1761: A bill for an act relating to human services; directing the commissioner to establish nursing facility operating cost limits that do not vary with geographic location; amending Minnesota Statutes 1994, section 256B.431, subdivisions 1, 2b, and by adding a subdivision; repealing Minnesota Rules, part 9549.0052.

Referred to the Committee on Health Care.

Mses. Krentz, Wiener and Mr. Knutson introduced--

S.F. No. 1762: A bill for an act relating to health care information; providing conditions for the disclosure of health care information; enacting the Uniform Health Care Information Act; providing penalties; proposing coding for new law as Minnesota Statutes, chapter 143.

Referred to the Committee on Health Care.

Mr. Knutson introduced--

S.F. No. 1763: A bill for an act relating to collection and dissemination of data; enacting the uniform criminal history records act; prescribing penalties; amending Minnesota Statutes 1994, section 13.82, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 13D; repealing Minnesota Statutes 1994, section 13.87.

Referred to the Committee on Crime Prevention.

Messrs. Knutson and Finn introduced--

S.F. No. 1764: A bill for an act relating to crime victims; enacting reparation article of the uniform victims of crime act; proposing coding for new law as Minnesota Statutes, chapter 611B.

Referred to the Committee on Crime Prevention.

Messrs. Dille and Mondale introduced--

S.F. No. 1765: A bill for an act relating to animals; clarifying procedures for the seizure and disposition of animals; amending Minnesota Statutes 1994, sections 343.235; 343.29, subdivision 1; and 346.57, subdivision 2.

Referred to the Committee on Governmental Operations and Veterans.

Mr. Morse introduced--

S.F. No. 1766: A bill for an act relating to retirement; permissible annuity contract investments for funds of employees of the state university or community college boards; amending Minnesota Statutes 1994, section 356.24, subdivision 1.

Referred to the Committee on Governmental Operations and Veterans.

Messrs. Knutson, Merriam and Finn introduced--

S.F. No. 1767: A bill for an act relating to collection and dissemination of data; enacting the uniform information practices code; repealing the government data practices act; prescribing penalties; proposing coding for new law as Minnesota Statutes, chapter 13C; repealing Minnesota Statutes 1994, sections 13.01; 13.02; 13.03; 13.04; 13.05; 13.06; 13.07; 13.072; 13.08; 13.09; 13.10; 13.30; 13.31; 13.32; 13.33; 13.34; 13.35; 13.36; 13.37; 13.38; 13.39; 13.40; 13.41; 13.42; 13.43; 13.44; 13.45; 13.46; 13.47; 13.48; 13.49; 13.50; 13.51; 13.511; 13.52; 13.521; 13.528; 13.53; 13.531; 13.54; 13.55; 13.551; 13.552; 13.56; 13.57; 13.59; 13.60; 13.61; 13.62; 13.63; 13.64; 13.642; 13.643; 13.645; 13.65; 13.66; 13.67; 13.671; 13.68; 13.69; 13.691; 13.692; 13.71; 13.72; 13.74; 13.75; 13.76; 13.761; 13.77; 13.771; 13.78; 13.79; 13.791; 13.792; 13.793; 13.794; 13.80; 13.82; 13.83; 13.84; 13.85; 13.86; 13.861; 13.87; 13.88; 13.89; 13.90; and 13.99.

Referred to the Committee on Judiciary.

Messrs. Terwilliger; Johnson, D.E. and Belanger introduced--

S.F. No. 1768: A bill for an act relating to taxation; property; reducing the class rates for apartments, commercial industrial, and certain other property; amending Minnesota Statutes 1994, section 273.13, subdivisions 24 and 25; repealing Minnesota Statutes 1994, section 273.13, subdivision 32.

Referred to the Committee on Taxes and Tax Laws.

Ms. Runbeck introduced--

S.F. No. 1769: A bill for an act relating to family; changing procedures and presumptions relating to joint custody; amending Minnesota Statutes 1994, section 518.17, subdivision 2.

Referred to the Committee on Judiciary.

MOTIONS AND RESOLUTIONS - CONTINUED

CONFIRMATION

Mr. Novak moved that the reports from the Committee on Jobs, Energy and Community Development, reported May 18, 1995, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Novak moved that the foregoing reports be now adopted. The motion prevailed.

Mr. Novak moved that in accordance with the reports from the Committee on Jobs, Energy and Community Development, reported May 18, 1995, the Senate, having given its advice, do now consent to and confirm the appointment of:

IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER

James Gustafson, 1936 Woodhaven Ln., Duluth, St. Louis County, effective January 17, 1995, for a term expiring on the first Monday in January, 1999.

WORKERS' COMPENSATION COURT OF APPEALS

Thomas L. Johnson, 1510 Red Cedar Rd., Eagan, Dakota County, effective January 15, 1995, for a term expiring on the first Monday in January, 2001.

The motion prevailed. So the appointments were confirmed.

Messrs. Moe, R.D. and Johnson, D.E. introduced--

Senate Resolution No. 76: A Senate resolution relating to conduct of Senate business during the interim between Sessions.

BE IT RESOLVED, by the Senate of the State of Minnesota:

The powers, duties and procedures set forth in this resolution apply during the interim between the adjournment of the 79th Legislature, 1995 session and the convening of the 79th Legislature, 1996 session.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in commissions and other bodies whose members are to be appointed by the Senate authorized by rule, statute, resolution, or otherwise.

The Committee on Rules and Administration shall establish positions, set compensation and benefits, appoint employees and authorize expense reimbursement as it deems proper to carry out the work of the Senate.

The Secretary of the Senate shall classify as "permanent" for purposes of Minnesota Statutes, sections 3.095 and 43A.24 the Senate employees certified as "permanent" by the Committee on Rules and Administration.

The Secretary of the Senate may employ after the close of the session the employees necessary to finish the business of the Senate at the salaries paid under the rules of the Senate for the 1995 regular session. The Secretary of the Senate may employ the necessary employees to prepare for the 1996 session at the salaries in effect at that time.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and Administration, shall furnish each member of the Senate with postage and supplies, and may reimburse each member for long distance telephone calls and answering service upon proper verification of the expenses incurred, and for such other expenses authorized from time to time by the Committee on Rules and Administration.

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 1995 session. The Secretary of the Senate may include in the Senate Journal proceedings of the last day, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after May 22, 1995.

The Secretary of the Senate may pay election and litigation costs up to a maximum of $125.00 per hour as authorized by the Committee on Rules and Administration.

The Secretary of the Senate, with the approval of the Committee on Rules and Administration,

shall secure bids and enter into contracts for remodeling and improvement of Senate office space, and shall purchase all supplies, equipment, and other goods and services necessary to carry out the work of the Senate. Contracts in excess of $5,000 must be signed by the Chair of the Committee on Rules and Administration and another member designated by the Chair.

The Secretary of the Senate shall draw warrants from the legislative expense fund in payment of the accounts referred to in this resolution.

All Senate records, including committee books, are subject to the direction of the Committee on Rules and Administration.

The Senate Chamber, retiring room, committee rooms, all conference rooms, storage rooms, Secretary of the Senate's office, Rules and Administration office, and any and all other space assigned to the Senate, are reserved for use by the Senate and its standing committees only and must not be released or used for any other purpose except upon the authorization of the Secretary of the Senate with the approval of the Committee on Rules and Administration or its Chair.

The Custodian of the Capitol shall continue to provide parking space for members and staff of the Legislature under Senate Concurrent Resolution No. 2.

Mr. Moe, R.D. moved the adoption of the foregoing resolution.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Kroening	Neuville	Runbeck
Beckman	Flynn	Laidig	Novak	Sams
Belanger	Frederickson	Langseth	Oliver	Samuelson
Berg	Hanson	Larson	Olson	Scheevel
Berglin	Janezich	Lesewski	Ourada	Solon
Bertram	Johnson, D.E.	Limmer	Piper	Spear
Betzold	Johnson, D.J.	Marty	Pogemiller	Stevens
Chandler	Johnston	Merriam	Price	Stumpf
Chmielewski	Kelly	Metzen	Ranum	Terwilliger
Cohen	Kleis	Moe, R.D.	Reichgott Junge	Vickerman
Day	Kramer	Morse	Riveness	Wiener
Dille	Krentz	Murphy	Robertson	

The motion prevailed. So the resolution was adopted.

Messrs. Moe, R.D. and Johnson, D.E. introduced--

Senate Concurrent Resolution No. 11: A Senate concurrent resolution relating to adjournment of the Senate and House of Representatives until 1996.

BE IT RESOLVED, by the Senate of the State of Minnesota, the House of Representatives concurring:

1. Upon their adjournments on May 22, 1995, the Senate may set its next day of meeting for Tuesday, January 16, 1996, at 12:00 noon and the House of Representatives may set its next day of meeting for Tuesday, January 16, 1996, at 12:00 noon.

2. By the adoption of this resolution, each house consents to adjournment of the other house for more than three days.

Mr. Moe, R.D. moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

S.F. No. 281 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 281

A bill for an act relating to metropolitan government; clarifying language and changing obsolete references; amending Minnesota Statutes 1994, sections 275.066; 473.121, subdivision 11; 473.13, subdivisions 1 and 2; 473.164, subdivision 3; 473.375, subdivisions 9 and 13; 473.385, subdivision 2; 473.386, subdivisions 1, 2, and 5; 473.388, subdivision 4; 473.39, subdivision 1b; 473.446, subdivision 8; 473.448; 473.505; 473.595, subdivision 3; and Laws 1994, chapter 628, article 2, section 5; repealing Minnesota Statutes 1994, section 473.394.

May 19, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 281, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the Knight and Orfield amendments adopted by the House on March 23, 1995.

That the Senate concur in the following portions of the Pellow amendment adopted by the House on March 23, 1995:

"Page 1, after line 13, insert:

"Section 1. Minnesota Statutes 1994, section 15A.082, subdivision 3, is amended to read:

Subd. 3. [SUBMISSION OF RECOMMENDATIONS.] (a) By May 1 in each odd-numbered year, the compensation council shall submit to the speaker of the house of representatives and the president of the senate salary recommendations for constitutional officers, legislators, justices of the supreme court, and judges of the court of appeals, district court, county court, and county municipal court. The recommended salary for each office must take effect on the first Monday in January of the next odd-numbered year, with no more than one adjustment, to take effect on January 1 of the year after that. The salary recommendations for legislators, judges, and constitutional officers take effect if an appropriation of money to pay the recommended salaries is enacted after the recommendations are submitted and before their effective date. Recommendations may be expressly modified or rejected. The salary recommendations for legislators are subject to additional terms that may be adopted according to section 3.099, subdivisions 1 and 3.

(b) The council shall also submit to the speaker of the house of representatives and the president of the senate recommendations for the salary ranges of the heads of state and metropolitan agencies, to be effective retroactively from January 1 of that year if enacted into law. The recommendations shall include the appropriate group in section 15A.081 to which each agency head should be assigned and the appropriate limitation on the maximum range of the salaries of the agency heads in each group, expressed as a percentage of the salary of the governor.

~~(c) The council shall also submit to the speaker of the house of representatives and the president of the senate recommendations for the salaries of members of the metropolitan council.~~"

Renumber the sections in sequence and correct internal references

Amend the title accordingly"

And that the House recede from the remainder of the Pellow amendment.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Carol Flynn, Ted A. Mondale, Pat Pariseau

House Conferees: (Signed) Myron Orfield, Dee Long, Ron Abrams

Ms. Flynn moved that the foregoing recommendations and Conference Committee Report on S.F. No. 281 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 281 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 55 and nays 9, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Murphy	Robertson
Beckman	Frederickson	Laidig	Novak	Runbeck
Belanger	Hanson	Langseth	Oliver	Samuelson
Berg	Hottinger	Larson	Olson	Scheevel
Berglin	Janezich	Lesewski	Pariseau	Solon
Bertram	Johnson, D.E.	Lessard	Piper	Spear
Betzold	Johnson, D.J.	Marty	Pogemiller	Stevens
Chandler	Johnson, J.B.	Merriam	Price	Stumpf
Chmielewski	Kelly	Metzen	Ranum	Terwilliger
Cohen	Kiscaden	Moe, R.D.	Reichgott Junge	Vickerman
Finn	Kleis	Morse	Riveness	Wiener

Those who voted in the negative were:

Day	Knutson	Kroening	Neuville	Sams
Johnston	Kramer	Limmer	Ourada	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 1:00 p.m. The motion prevailed.

The hour of 1:00 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 845: A bill for an act relating to health; MinnesotaCare; expanding provisions of health care; establishing requirements for integrated service networks; modifying requirements for health plan companies; repealing the regulated all-payer option; modifying universal coverage and

insurance reform provisions; revising the research and data initiatives; expanding eligibility for the MinnesotaCare program; creating the prescription drug purchasing authority; establishing a drug purchasing benefit program for senior citizens; extending the health care commission and regional coordinating boards; making technical changes; providing penalties; appropriating money; amending Minnesota Statutes 1994, sections 13.99, by adding a subdivision; 16A.724; 60A.02, subdivision 1a; 60B.02; 60B.03, subdivision 2; 60G.01, subdivisions 2, 4, and 5; 62A.10, subdivisions 1 and 2; 62A.65, subdivisions 5 and 8; 62D.042, subdivision 2; 62D.11, subdivision 1; 62D.181, subdivisions 2, 3, 6, and 9; 62E.05; 62E.141; 62H.04; 62H.08; 62J.017; 62J.04, subdivisions 1a and 3; 62J.05, subdivisions 2 and 9; 62J.06; 62J.09, subdivisions 1, 2, 6, 8, and by adding a subdivision; 62J.152, subdivision 5; 62J.17, subdivisions 4a, 6a, and by adding a subdivision; 62J.212; 62J.2913, subdivision 1; 62J.37; 62J.38; 62J.40; 62J.41, subdivisions 1 and 2; 62J.48; 62J.54; 62J.55; 62J.58; 62L.02, subdivisions 11, 16, and 26; 62L.03, subdivisions 3, 4, and 5; 62L.09, subdivision 1; 62L.12, subdivision 2; 62M.02, subdivision 12; 62M.07; 62M.09, subdivision 5; 62M.10, by adding a subdivision; 62N.02, by adding subdivisions; 62N.04; 62N.10, by adding a subdivision; 62N.11, subdivision 1; 62N.13; 62N.14, subdivision 3; 62N.25, subdivision 2; 62P.05, subdivision 4, and by adding a subdivision; 62Q.01, subdivisions 2, 3, 4, and by adding subdivisions; 62Q.03, subdivisions 1, 6, 7, 8, 9, 10, and by adding subdivisions; 62Q.07, subdivisions 1 and 2; 62Q.075, subdivision 4; 62Q.09, subdivision 3; 62Q.11, subdivision 2; 62Q.165; 62Q.17, subdivisions 2, 6, 8, and by adding a subdivision; 62Q.18; 62Q.30; 62Q.32; 62Q.33, subdivisions 4 and 5; 62Q.41; 72A.20, by adding subdivisions; 136A.1355, subdivisions 3 and 5; 136A.1356, subdivisions 3 and 4; 144.1464, subdivisions 2, 3, and 4; 144.147, subdivision 1; 144.1484, subdivision 1; 144.1486, subdivision 4; 144.1489, subdivision 3; 148B.32, subdivision 1; 151.21, subdivisions 2, 3, and by adding a subdivision; 151.48; 214.16, subdivisions 2 and 3; 256.9354, subdivisions 1, 4, 5, and by adding a subdivision; 256.9357, subdivisions 1, 2, and 3; 256.9358, subdivisions 3, 4, and by adding a subdivision; 256.9363, subdivision 5; 256B.037, subdivisions 1, 3, 4, and by adding subdivisions; 256B.04, by adding a subdivision; 256B.055, by adding a subdivision; 256B.057, subdivision 3, and by adding subdivisions; 256B.0625, subdivisions 13 and 30; 256B.69, subdivision 4; 270.101, subdivision 1; 295.50, subdivisions 3, 4, and 10a; 295.53, subdivisions 1, 3, and 4; 295.55, subdivision 4; 295.57; and 295.582; Laws 1990, chapter 591, article 4, section 9; Laws 1994, chapter 625, article 5, sections 5, subdivision 1; 7; and 10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 16B; 62J; 62L; 62N; 62Q; 256; 256B; and 295; repealing Minnesota Statutes 1994, sections 62J.045; 62J.07, subdivision 4; 62J.09, subdivision 1a; 62J.152, subdivision 6; 62J.19; 62J.30; 62J.31; 62J.32; 62J.33; 62J.34; 62J.35; 62J.41, subdivisions 3 and 4; 62J.44; 62J.45; 62J.65; 62L.08, subdivision 7a; 62N.34; 62P.01; 62P.02; 62P.03; 62P.07; 62P.09; 62P.11; 62P.13; 62P.15; 62P.17; 62P.19; 62P.21; 62P.23; 62P.25; 62P.27; 62P.29; 62P.31; 62P.33; 62Q.03, subdivisions 2, 3, 4, 5, and 11; 62Q.21; 62Q.27; and 256.9353, subdivisions 4 and 5; Laws 1993, chapter 247, article 1, sections 12, 13, 14, 15, 18, and 19; Minnesota Rules, part 4685.1700, subpart 1, item D.

Senate File No. 845 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Ms. Berglin moved that the Senate do not concur in the amendments by the House to S.F. No. 845, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 399, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 399: A bill for an act relating to recreational vehicles; driving while intoxicated; providing for forfeiture of snowmobiles, all-terrain vehicles, and motorboats for designated, DWI-related offenses; extending vehicle forfeiture law by expanding the definition of prior conviction to include other types of vehicles; amending Minnesota Statutes 1994, sections 84.83, subdivision 2; 84.927, subdivision 1; 169.1217, subdivision 1; and 171.30, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 84; and 86B.

Senate File No. 399 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 512, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 512: A bill for an act relating to human services; licensing; administrative hearings; vulnerable adults reporting act; imposing criminal penalties; appropriating money; amending Minnesota Statutes 1994, sections 13.46, subdivision 4; 13.82, subdivision 10, and by adding subdivisions; 13.88; 13.99, subdivision 113; 144.4172, subdivision 8; 144.651, subdivisions 14 and 21; 144A.103, subdivision 1; 144A.612; 144B.13; 148B.68, subdivision 1; 214.10, subdivision 2a; 245A.04, subdivisions 3 and 3b; 253B.02, subdivision 4a; 256.045, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, and by adding a subdivision; 256E.03, subdivision 2; 256E.081, subdivision 4; 268.09, subdivision 1; 325F.692, subdivision 2; 525.703, subdivision 3; 609.224, subdivision 2; 609.268, subdivisions 1 and 2; 609.72, by adding a subdivision; 609.7495, subdivision 1; 626.556, subdivision 12; 626.557, subdivisions 1, 3, 3a, 4, 5, 6, 7, 8, 9, 10, 14, 16, 17, 18, and by adding subdivisions; and 631.40, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 144; 609; and 626; repealing Minnesota Statutes 1994, section 626.557, subdivisions 2, 10a, 11, 11a, 12, 13, 15, and 19.

Senate File No. 512 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

MOTIONS AND RESOLUTIONS - CONTINUED

RECONSIDERATION

Mr. Moe, R.D. moved that the vote whereby Senate Concurrent Resolution No. 11 was adopted by the Senate on May 22, 1995, be now reconsidered. The motion prevailed. So the vote was reconsidered.

Senate Concurrent Resolution No. 11: A Senate concurrent resolution relating to adjournment of the Senate and House of Representatives until 1996.

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 11 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the adoption by the House of the following House Concurrent Resolution, herewith transmitted:

House Concurrent Resolution No. 6: A House concurrent resolution relating to adjournment of the House of Representatives and Senate until 1996.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 22, 1995

House Concurrent Resolution No. 6: A House concurrent resolution relating to adjournment of the House of Representatives and Senate until 1996.

BE IT RESOLVED by the House of Representatives of the State of Minnesota, the Senate concurring:

(1) Upon their adjournments on May 22, 1995, the House of Representatives may set its next day of meeting for January 16, 1996, at 12:00 noon and the Senate may set its next day of meeting for January 16, 1996, at 12:00 noon.

(2) By the adoption of this resolution, each house consents to adjournment of the other house for more than three days.

Mr. Moe, R.D. moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 538 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 538

A bill for an act relating to state agencies; requiring the refund of license fees to certain applicants if licenses are not issued within six weeks; proposing coding for new law in Minnesota Statutes, chapter 15.

May 21, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 538, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 538 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [15.442] [REFUNDS OF LICENSE FEES.]

Subdivision 1. [DEFINITIONS.] For purposes of this section:

(1) "agency" has the meaning given it in section 16B.01, subdivision 2;

(2) "applicant" means an individual; a small business as defined by section 645.445; or a family farm, family farm corporation, or family farm partnership as defined by section 500.24, subdivision 2;

(3) "license" means a license, permit, variance, order, or other document or agency action required to permit an applicant to engage in certain conduct, perform an action, or refrain from performing an action; and

(4) "fee" means an amount of money paid for a license as defined in clause (3) that covers the cost of processing, investigating, and issuing the license, including a fee paid to a political subdivision or an agent of the state or a political subdivision, but does not include:

(i) any charge the collection of which is administered by the commissioner of revenue, other than a fee for a license the commissioner issues;

(ii) reemployment insurance tax required by chapter 268; or

(iii) motor vehicle registration tax required by chapter 168.

Subd. 2. [REFUNDS REQUIRED.] An agency, upon request of an applicant, shall refund the fee paid by the applicant for a license if the agency has not taken final action on the application and conveyed the license, or other action on the application, to the applicant within six weeks of receiving the application in complete, correct form together with any required information or documentation and after any necessary inspection. An agency has conveyed a license or other action when, as shown by agency records, it has taken the normal steps used by the agency to deliver a license or notification of other action to an applicant. Delivery by mail is accomplished when a license or other notification is deposited with the postal service. A request for a refund may be made in writing or by facsimile within one year after filing the application. An agency shall not refund a fee paid by an applicant if the agency was prevented from taking final action on the license within six weeks because of (1) a work stoppage, or (2) a requirement of federal law or court order imposed or entered after July 1, 1995. This section does not apply to licenses issued by health regulatory agencies under chapter 214, to drivers' licenses, or to licenses the issuance of which requires:

(1) one or more public hearings or public notice requirements;

(2) verification of an applicant's background, credentials, or financial condition;

(3) an environmental impact statement or environmental assessment worksheet;

(4) a drawing to determine successful applicants for a limited number of licenses;

(5) following a specific timetable for issuance that is otherwise prescribed by law;

(6) inspection during a period of open water; or

(7) an annual report of water use.

Subd. 3. [RULES PROHIBITED.] An agency may not adopt rules limiting, adding conditions to, or otherwise governing the issuance of refunds under this section.

Subd. 4. [EFFECT ON LICENSE.] The refund of a fee as required by this section does not relieve the affected agency from its obligation to issue the license for which the fee was initially paid, if the other requirements for issuance of the license have been met.

Sec. 2. [EFFECTIVE DATE.]

This act is effective July 1, 1995, and applies to applications filed after June 30, 1995."

Delete the title and insert:

"A bill for an act relating to state agencies; requiring the refund of license fees to certain applicants if licenses are not issued within six weeks; proposing coding for new law in Minnesota Statutes, chapter 15."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steve L. Murphy, Phil J. Riveness

House Conferees: (Signed) Phil Carruthers, Howard Orenstein, Steve Smith

Mr. Murphy moved that the foregoing recommendations and Conference Committee Report on S.F. No. 538 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 538 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Beckman	Frederickson	Laidig	Novak	Runbeck
Belanger	Hanson	Langseth	Oliver	Sams
Berg	Janezich	Larson	Olson	Samuelson
Berglin	Johnson, D.E.	Lesewski	Ourada	Scheevel
Bertram	Johnson, J.B.	Lessard	Pappas	Solon
Betzold	Johnston	Limmer	Pariseau	Spear
Chandler	Kelly	Marty	Piper	Stevens
Chmielewski	Kiscaden	Merriam	Pogemiller	Stumpf
Cohen	Kleis	Metzen	Price	Terwilliger
Day	Knutson	Moe, R.D.	Ranum	Vickerman
Dille	Kramer	Morse	Reichgott Junge	Wiener
Finn	Krentz	Murphy	Riveness	
Flynn	Kroening	Neuville	Robertson	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 845: Mses. Berglin, Kiscaden, Mr. Sams, Ms. Piper and Mr. Oliver.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1444 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1444

A bill for an act relating to state lands; providing for the sale of certain tax-forfeited lands in St. Louis county; authorizing Crow Wing county to allow the sale of certain nonconforming lots within the Mississippi headwaters corridor; requiring the commissioner of natural resources to convey certain land to the city of Akeley; authorizing the sale of certain trust fund lands.

May 20, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1444, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1444 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [TRANSFER OF NONCONFORMING SHORELAND LOTS WITHIN MISSISSIPPI HEADWATERS CORRIDOR.]

Subdivision 1. [DEFINITIONS.] The definitions in Minnesota Statutes, section 103F.365, apply to this section.

Subd. 2. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 103F.215, the counties of Crow Wing, Hubbard, Cass, and Morrison may allow the sale or transfer, as a separate parcel, of a lot within shoreland, as defined in Minnesota Statutes, section 103F.205, subdivision 4, that:

(1) is located wholly within the Mississippi headwaters corridor, as identified in the plan or is located anywhere within Hubbard county;

(2) is one of a group of two or more contiguous lots that have been under the same common ownership since July 1, 1981; and

(3) does not meet the residential lot size requirements in the model standards and criteria adopted by the commissioner of natural resources under Minnesota Statutes, section 103F.211.

Subd. 3. [SELLER TO INFORM BUYER.] Before a contiguous lot is sold under the authority granted in subdivision 2, the seller shall inform the buyer in writing of the extent to which the lot does not meet the residential lot size requirements in the model standards and criteria adopted by the commissioner of natural resources under Minnesota Statutes, section 103F.211.

Subd. 4. [REPEALER.] This section is repealed effective January 1, 1997.

Sec. 2. [PRIVATE SALE OF TAX-FORFEITED LAND BORDERING ON PUBLIC WATER; ST. LOUIS COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis county may sell by private sale the tax-forfeited lands bordering public water that are described in paragraphs (b), (c), and (d) under the remaining provisions of Minnesota Statutes, chapter 282. The conveyances must be in a form approved by the attorney general.

(b) The land to be conveyed is located in Greenwood township and is described as follows:

That part of unplatted Government Lot 5 in section 1, Township 62, Range 17 lying within the following lines: (1) on the south by the southerly line of Government Lot 5, (2) on the west by the easterly line of the westerly 25 feet of Lot 2, Breezy Point Third Addition extended northerly to the shoreline, and (3) on the east by the easterly line of Government Lot 5, being .07 acres more or less.

The property is a small intervening strip of land between Lake Vermilion and private property. The St. Louis county auditor and assessor have reviewed the proposed sale and have determined that the purchase price is equitable and that this sale best serves the land management interests of St. Louis county.

(c) The land to be conveyed is located in Greenwood township and is described as follows:

That part of unplatted Government Lot 5 in Section 1, Township 62, Range 17 lying within the following lines: (1) on the south by the southerly line of Government Lot 5, (2) on the west by the westerly line of Lot 2, Breezy Point Third Addition extended northerly to the shoreline, and (3) on the east by the easterly line of the westerly 25 feet of Lot 2, Breezy Point Third Addition extended northerly to the shoreline, being .02 acres more or less.

The property is a small intervening strip of land between Lake Vermilion and private property. The St. Louis county auditor and assessor have reviewed the proposed sale and have determined that the purchase price is equitable and that this sale best serves the land management interests of St. Louis county.

(d) The land to be conveyed is described as follows:

That part of the Southwest one-quarter of the Northwest one-quarter of Section 5, Township 55 North, Range 14 West of the 4th principal meridian, further described as follows: Beginning at the Northeast corner of said Sixteenth Section which is a five-eighths inch iron rod, thence Westerly on the North line a distance of 11.55 feet to the highwater mark of Whiteface Reservoir, thence along the highwater mark; azimuth=189 degrees, 36 minutes, 13 seconds a distance of 42.80 feet; thence azimuth=241 degrees, 00 minutes, 26 seconds a distance of 100.09 feet; thence azimuth=264 degrees, 57 minutes, 17 seconds a distance of 71.34 feet; thence azimuth=123 degrees, 53 minutes, 18 seconds a distance of 62.08 feet; thence azimuth=157 degrees, 11 minutes, 24 seconds a distance of 50.37 feet; thence azimuth=103 degrees, 24 minutes, 42 seconds a distance of 56.77 feet; thence azimuth=63 degrees, 53 minutes, 21 seconds a distance of 59.80 feet to a point on the East line of said Sixteenth Section; thence Northerly on the East line a distance of 165.28 feet to the point of beginning. This parcel contains 0.36 acres more or less.

This sale will resolve a problem arising from a resurvey. The St. Louis county auditor and assessor have reviewed the proposed sale and have determined that the purchase price is equitable and that this sale best serves the land management interests of St. Louis county.

Sec. 3. [PUBLIC SALE OF TAX-FORFEITED LAND BORDERING ON PUBLIC WATERS; ST. LOUIS COUNTY.]

Subdivision 1. [SALE REQUIREMENTS.] (a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis county may sell the tax-forfeited lands bordering public water that are described in subdivision 2, under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Subd. 2. [DESCRIPTIONS.] The parcels of land that may be conveyed are located in St. Louis county and, as set forth in each of the following clauses, are legally described as specified and are located on the water body named.

(1) Lots 88 and 89, Plat of Vermilion Dells, Sec. 11, Twp. 62, Rge. 16 W. Located on Lake Vermilion;

(2) That part of Lot 90 lying within Sec. 2, Twp. 62, Rge. 16 W. Located on Lake Vermilion; and

(3) That part of Lot 90 lying within Sec. 11, Twp. 62, Rge. 16 W. Located on Lake Vermilion.

Sec. 4. [SALE OF TAX-FORFEITED LAND; KOOCHICHING COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Koochiching county may sell for not less than the appraised value the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land that may be conveyed is three parcels.

Parcel number 1 is: Plat of Forest Point - Lot 62.

Parcel number 2 is: Two acres of Government Lot 2 described as follows:

Commencing at waters edge of Rainy River where 1/4 line on West side of Lot 2 intersects said river, thence due South 40 rods alongside 1/4 line, thence due East 8 rods, thence due North 40 rods, thence due West 8 rods to place of beginning. Section 33, Township 160N, Range 26W.

Parcel number 3 is: Plat of Mizpah - Lots 13, 14, 15, 16, 17, and 18, Block 4.

(d) The county has determined that the county's land management interests would best be served if the lands described in paragraph (c) were returned to private ownership.

Sec. 5. [FILLMORE COUNTY; SALE OF TAX-FORFEITED LAND TO THE CITY OF PRESTON.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Fillmore county may sell to the city of Preston the tax-forfeited lands bordering the Root river in the city of Preston that are described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general and must provide that the land reverts to the state of Minnesota if it is not used for recreational trail purposes.

(c) The land that may be conveyed is legally described as Lots 3 and 4, Block 3, John Kaercher's Addition, City of Preston.

(d) The county has determined that the land is needed by the city for recreational trail purposes.

Sec. 6. [SALE OF TAX-FORFEITED LAND; HENNEPIN COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, Hennepin county may sell the tax-forfeited land bordering public water that is described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general and subject to a restrictive covenant in a form prescribed by the commissioner of natural resources, which includes at least a 120-foot strip for protection along Shingle Creek and also protection of associated wetlands.

(c) The land that may be conveyed is located in the city of Brooklyn Park, Hennepin county, and is described as:

That part of the southwest quarter of the southeast quarter of section 30, township 119, range 21, lying south of the north 520.14 feet thereof and lying northwesterly of a line drawn from a point on the east line of said southwest quarter of the southeast quarter distant 150.60 feet south of the northeast corner thereof to a point on the south line of said southwest quarter of the southeast quarter distant 80 feet east of the southwest corner thereof.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 7. Laws 1995, chapter 108, section 5, is amended to read:

Sec. 5. [SALE OF TRUST FUND LANDS.]

Notwithstanding any law to the contrary, the following described trust fund lands, Lot 1, Block 1, Gold Mine on the River, and Government Lot 7, except the part platted as Lots 2 and 3, all in Section 36, Township 67 North, Range 18 West, St. Louis county, may be sold ~~to the lessee~~ under the provisions in Minnesota Statutes, chapter 92.

Sec. 8. [SALE OF IRRRB LANDS.]

Notwithstanding Minnesota Statutes, sections 94.09 to 94.13, the Iron Range Resources and Rehabilitation Board may convey on behalf of the state, the land described in this section to the city of Eveleth for no consideration. The land that may be conveyed is described as follows: That part of the Northwest one-quarter of the Northeast one-quarter of Section 17, Township 57 North, Range 17 West lying east of the east right-of-way line of State Highway No. 53, and containing 1.31 acres more or less.

The conveyance must be in a form approved by the attorney general, must provide that the land reverts to the state if it ceases to be used for a public purpose, and must reserve to the state all

minerals and mineral rights. The city of Eveleth must pay any costs and expenses related to the conveyance.

The Iron Range Resources and Rehabilitation Board has determined that this parcel of land is not needed for its purposes and that the city of Eveleth needs it for municipal purposes.

Sec. 9. [MANKATO STATE UNIVERSITY.]

Mankato State University may sell to the city of Mankato for fair market value approximately 2.66 acres of land in the area of Warren Street, Stadium Road, and Hiniker Mill Road for use as a detention basin. The university may also grant the city of Mankato a permanent utility easement in order to provide the city access to the basin.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state lands; providing for the sale of certain tax-forfeited lands in St. Louis, Koochiching, Hennepin, and Fillmore counties; authorizing conveyance of certain state lands to the city of Eveleth; authorizing conveyance of lots within the Mississippi headwaters corridor; authorizing a sale of land to the city of Mankato; amending Laws 1995, chapter 108, section 5."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Sam G. Solon, Harold R. "Skip" Finn

House Conferees: (Signed) Tom Rukavina, Anthony G. "Tony" Kinkel, Bill Haas

Mr. Solon moved that the foregoing recommendations and Conference Committee report on S.F. No. 1444 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 46 and nays 19, as follows:

Those who voted in the affirmative were:

Beckman	Johnson, D.E.	Lessard	Ourada	Solon
Belanger	Johnson, D.J.	Limmer	Pariseau	Stevens
Bertram	Johnson, J.B.	Metzen	Pogemiller	Stumpf
Chandler	Kelly	Moe, R.D.	Reichgott Junge	Terwilliger
Day	Kleis	Mondale	Riveness	Vickerman
Dille	Kramer	Murphy	Robertson	Wiener
Finn	Laidig	Neuville	Runbeck	
Frederickson	Langseth	Novak	Sams	
Hanson	Larson	Oliver	Samuelson	
Janezich	Lesewski	Olson	Scheevel	

Those who voted in the negative were:

Anderson	Cohen	Knutson	Merriam	Price
Berg	Flynn	Krentz	Morse	Ranum
Berglin	Johnston	Kroening	Pappas	Spear
Betzold	Kiscaden	Marty	Piper	

The motion prevailed. So the recommendations and Conference Committee report were adopted.

S.F. No. 1444 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Olson	Scheevel
Beckman	Hottinger	Langseth	Ourada	Solon
Belanger	Janezich	Larson	Pappas	Spear
Berg	Johnson, D.E.	Lesewski	Pariseau	Stevens
Berglin	Johnson, D.J.	Lessard	Piper	Stumpf
Bertram	Johnson, J.B.	Limmer	Pogemiller	Terwilliger
Cohen	Kelly	Metzen	Reichgott Junge	Vickerman
Day	Kleis	Mondale	Riveness	Wiener
Dille	Knutson	Murphy	Robertson	
Finn	Kramer	Neuville	Runbeck	
Flynn	Krentz	Novak	Sams	
Frederickson	Kroening	Oliver	Samuelson	

Those who voted in the negative were:

Betzold	Marty	Morse	Price	Ranum
Chandler	Merriam			

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 507 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 507

A bill for an act relating to petroleum tank release cleanup program; providing for payment for a site assessment prior to tank removal; modifying reimbursement provisions; adding requirements for tank monitoring; establishing registration requirements; modifying program and liability provisions; amending Minnesota Statutes 1994, sections 88.171, subdivision 2; 115C.02, subdivision 11, and by adding a subdivision; 115C.03, subdivision 10; 115C.09, subdivisions 1, 2, 3, 3b, and 3c; 115C.11, subdivision 1; 115C.12; 115C.13; 115E.01, by adding subdivisions; 115E.04, subdivision 2; 115E.06; and 115E.061; proposing coding for new law in Minnesota Statutes, chapters 115C; and 116.

May 17, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 507, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 507 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1994, section 115C.02, is amended by adding a subdivision to read:

Subd. 11a. [PREREMOVAL SITE ASSESSMENT.] "Preremoval site assessment" means actions defined in section 115A.092 which are taken by a registered consultant or the consultant's subcontractor prior to the removal of a petroleum storage tank in order to determine whether a release has occurred in the area immediately surrounding the tank.

Sec. 2. Minnesota Statutes 1994, section 115C.02, is amended by adding a subdivision to read:

Subd. 12a. [RESIDENTIAL SITE.] "Residential site" means a site containing a residence used for permanent habitation by an applicant. A residence may be part of a multipurpose or multidwelling building, but shall not include multidwelling units which contain more than two separate residences, or buildings such as hotels, hospitals, motels, dormitories, sanitariums, nursing homes, schools or other buildings used for educational purposes, or correctional institutions.

Sec. 3. Minnesota Statutes 1994, section 115C.03, subdivision 10, is amended to read:

Subd. 10. [~~RETENTION OF~~ CORRECTIVE ACTION RECORDS.] A ~~person who applies for reimbursement under this chapter and a~~ contractor or consultant who has billed ~~the applicant~~ for corrective action services ~~that are part of the claim for reimbursement~~ must ~~maintain~~ prepare and retain all records related to the ~~claim for reimbursement~~ corrective action services for a minimum of ~~five~~ seven years from the date the ~~claim for reimbursement is submitted to the board.~~ corrective action services are performed, including, but not limited to, invoices submitted to applicants, subcontractor invoices, receipts for equipment rental, and all other goods rented or purchased, personnel time reports, mileage logs, and expense accounts. An applicant must obtain and retain records necessary to document costs submitted in a claim for reimbursement for corrective action services for seven years from the date the claim is submitted to the board.

Sec. 4. Minnesota Statutes 1994, section 115C.09, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBLE PERSON ELIGIBILITY.] (a) A responsible person who has incurred reimbursable costs after June 4, 1987, in response to a release, may apply to the board for partial reimbursement under subdivision 3 and rules adopted by the board. The board may consider applications for reimbursement at the following stages:

(1) after the commissioner approves ~~a plan for~~ corrective ~~action~~ actions related to soil ~~contamination~~ excavation and treatment or after the commissioner determines that further soil excavation and treatment should not be done;

(2) after the commissioner determines that the corrective ~~action plan~~ actions described in clause (1) ~~has~~ have been fully constructed ~~or~~, installed, or completed;

(3) after the commissioner approves a comprehensive plan for corrective action that will adequately address the entire release, including groundwater contamination if necessary;

(4) after the commissioner determines that the corrective action necessary to adequately address the release has been fully constructed or installed; and

(5) periodically afterward as the corrective action continues operation, but no more frequently than four times per 12-month period unless the application is for more than $2,000 in reimbursement.

(b) The commissioner shall review a plan, and provide an approval or disapproval to the responsible person and the board, within 60 days in the case of a plan submitted under paragraph (a), clause (1), and within 120 days in the case of a plan submitted under paragraph (a), clause (3), or the commissioner shall explain to the board why additional time is necessary. The board shall consider a complete application within 60 days of submission of the application under paragraph (a), clauses (1) and (2), and within 120 days of submission of the application under paragraph (a), clauses (3) and (4), or the board shall explain for the record why additional time is necessary. For purposes of the preceding sentence, board consideration of an application is timely if it occurs at the regularly scheduled meeting following the deadline. Board staff may review applications submitted to the board simultaneous to the commissioner's consideration of the appropriateness of the corrective action, but the board may not act on the application until after the commissioner's approval is received.

(c) A reimbursement may not be made unless the board determines that the commissioner has determined that the corrective action was appropriate in terms of protecting public health, welfare, and the environment.

Sec. 5. Minnesota Statutes 1994, section 115C.09, subdivision 3, is amended to read:

Subd. 3. [REIMBURSEMENTS; SUBROGATION; APPROPRIATION.] (a) The board shall reimburse a responsible person who is eligible under subdivision 2 from the account ~~for~~ in the following amounts:

(1) 90 percent of the total reimbursable costs on the first $250,000 and 75 percent on any remaining costs in excess of $250,000 on a site; or

(2) for corrective actions at a residential site used as a permanent residence at the time the release was discovered, 92.5 percent of the total reimbursable costs on the first $100,000 and 100 percent of any remaining costs in excess of $100,000.

Not more than $1,000,000 may be reimbursed for costs associated with a single release, regardless of the number of persons eligible for reimbursement, and not more than $2,000,000 may be reimbursed for costs associated with a single tank facility.

(b) A reimbursement may not be made from the account under this subdivision until the board has determined that the costs for which reimbursement is requested were actually incurred and were reasonable.

(c) When an applicant has obtained responsible competitive bids or proposals according to rules promulgated under this chapter prior to June 1, 1995, the eligible costs for the tasks, procedures, services, materials, equipment, and tests of the low bid or proposal are presumed to be reasonable by the board, unless the costs of the low bid or proposal are substantially in excess of the average costs charged for similar tasks, procedures, services, materials, equipment, and tests in the same geographical area during the same time period.

(d) When an applicant has obtained a minimum of two responsible competitive bids or proposals on forms prescribed by the board and where the rules promulgated under this chapter after June 1, 1995, designate maximum costs for specific tasks, procedures, services, materials, equipment and tests, the eligible costs of the low bid or proposal are deemed reasonable if the costs are at or below the maximums set forth in the rules.

(e) Costs incurred for change orders executed as prescribed in rules promulgated under this chapter after June 1, 1995, are presumed reasonable if the costs are at or below the maximums set forth in the rules, unless the costs in the change order are above those in the original bid or proposal or are unsubstantiated and inconsistent with the process and standards required by the rules.

~~(c)~~ (f) A reimbursement may not be made from the account under this subdivision in response to either an initial or supplemental application for costs incurred after June 4, 1987, that are payable under an applicable insurance policy, except that if the board finds that the responsible person has made reasonable efforts to collect from an insurer and failed, the board shall reimburse the responsible person under this subdivision.

~~(d)~~ (g) If the board reimburses a responsible person for costs for which the responsible person has petroleum tank leakage or spill insurance coverage, the board is subrogated to the rights of the responsible person with respect to that insurance coverage, to the extent of the reimbursement by the board. The board may request the attorney general to bring an action in district court against the insurer to enforce the board's subrogation rights. Acceptance by a responsible person of reimbursement constitutes an assignment by the responsible person to the board of any rights of the responsible person with respect to any insurance coverage applicable to the costs that are reimbursed. Notwithstanding this paragraph, the board may instead request a return of the reimbursement under subdivision 5 and may employ against the responsible party the remedies provided in that subdivision, except where the board has knowingly provided reimbursement because the responsible person was denied coverage by the insurer.

~~(e)~~ (h) Money in the account is appropriated to the board to make reimbursements under this section. A reimbursement to a state agency must be credited to the appropriation account or accounts from which the reimbursed costs were paid.

~~(f)~~ (i) The board ~~shall~~ may reduce the amount of reimbursement to be made under this section if it finds that the responsible person has not complied with a provision of this chapter, a rule or order issued under this chapter, or one or more of the following requirements:

~~(1) at the time of the release the tank was in substantial compliance with state and federal rules and regulations applicable to the tank, including rules or regulations relating to financial responsibility;~~

~~(2)~~ (1) the agency was given notice of the release as required by section 115.061;

~~(3)~~ (2) the responsible person, to the extent possible, fully cooperated with the agency in responding to the release; and

~~(4) if the responsible person is an operator, the person exercised due care with regard to operation of the tank, including maintaining inventory control procedures.~~

(3) the state and federal rules and regulations applicable to the condition or operation of the tank when the noncompliance caused or failed to mitigate the release.

~~(g)~~ (j) The reimbursement ~~shall~~ may be reduced as much as 100 percent for failure by the responsible person to comply with the requirements in paragraph ~~(f)~~ (i), clauses (1) to ~~(4)~~ (3). In determining the amount of the reimbursement reduction, the board shall consider:

(1) the ~~likely~~ reasonable determination by the agency of the environmental impact of the noncompliance;

(2) whether the noncompliance was negligent, knowing, or willful;

(3) the deterrent effect of the award reduction on other tank owners and operators; and

(4) the amount of reimbursement reduction recommended by the commissioner.

~~(h)~~ (k) A person may assign the right to receive reimbursement to each lender who advanced funds to pay the costs of the corrective action or to each contractor or consultant who provided corrective action services. An assignment must be made by filing with the board a document, in a form prescribed by the board, indicating the identity of the responsible person, the identity of the assignee, the dollar amount of the assignment, and the location of the corrective action. An assignment signed by the responsible person is valid unless terminated by filing a termination with the board, in a form prescribed by the board, which must include the written concurrence of the assignee. The board shall maintain an index of assignments filed under this paragraph. The board shall pay the reimbursement to the responsible person and to one or more assignees by a multiparty check. The board has no liability to a responsible person for a payment under an assignment meeting the requirements of this paragraph.

Sec. 6. Minnesota Statutes 1994, section 115C.09, subdivision 3b, is amended to read:

Subd. 3b. [VOLUNTEER ELIGIBILITY.] (a) Notwithstanding subdivisions 1 to 3, a person may apply to the board for partial reimbursement under subdivision 3 who:

(1) is not a responsible person under section 115C.02;

(2) holds legal or equitable title to the property where a release occurred; and

(3) incurs reimbursable costs on or after May 23, 1989.

(b) A person eligible for reimbursement under this subdivision must, to the maximum extent possible, comply with the same conditions and requirements of reimbursement as those imposed by this section on a responsible person.

(c) The board may reduce the reimbursement to a person eligible under this subdivision if the person acquired legal or equitable title to the property from a responsible person who failed to comply with the provisions of subdivision 3, paragraph ~~(f)~~ (i), except that the board may not reduce the reimbursement to a mortgagee who acquires title to the property through foreclosure or receipt of a deed in lieu of foreclosure.

Sec. 7. Minnesota Statutes 1994, section 115C.09, subdivision 3c, is amended to read:

Subd. 3c. [RELEASE AT REFINERIES AND TANK FACILITIES NOT ELIGIBLE FOR

REIMBURSEMENT.] (a) Notwithstanding other provisions of subdivisions 1 to 3b, a reimbursement may not be made under this section for costs associated with a release:

(1) from a tank located at a petroleum refinery; or

(2) from a tank facility, including a pipeline terminal, with more than 1,000,000 gallons of total petroleum storage capacity at the tank facility.

(b) Paragraph (a), clause (2), does not apply to reimbursement for costs associated with a release from a tank facility:

(1) owned or operated by a person engaged in the business of mining iron ore or taconite;

(2) owned by a political subdivision, a housing and redevelopment authority, an economic development authority, or a port authority that acquired the tank facility prior to May 23, 1989; or

(3) owned by a person:

(i) who acquired the tank facility prior to May 23, 1989;

(ii) who did not use the tank facility for the bulk storage of petroleum; and

(iii) who is not affiliated with the party who used the tank facility for the bulk storage of petroleum.

Sec. 8. [115C.092] [TANK REMOVALS; PAYMENT FOR PREREMOVAL SITE ASSESSMENT.]

Subdivision 1. [PREREMOVAL SITE ASSESSMENT; REIMBURSEMENT.] (a) Preremoval site assessment costs which are in compliance with the requirements of this chapter and with rules promulgated under this chapter shall be reimbursable. The applicant shall obtain written competitive proposals for the preremoval site assessment on a form prescribed by the board utilizing, as appropriate, tasks and costs established in rules promulgated under this chapter governing the initial site assessment.

(b) If contamination is found at the site, the board shall reimburse an applicant upon submission of the applicant's first application for reimbursement under section 115C.09, subdivision 2. If no contamination is found at the site, the board shall reimburse the applicant upon provision by the applicant of documentation that the tank or tanks have been removed from the site.

(c) Notwithstanding any provision in this subdivision to the contrary, the board shall not reimburse for a preremoval site assessment which is done for the purposes of facilitating a property transfer. The board shall presume that a preremoval site assessment is done for the purposes of facilitating a property transfer if the property is transferred within three months of incurring preremoval site assessment costs.

Subd. 2. [REQUIREMENTS OF A PREREMOVAL SITE ASSESSMENT.] The preremoval site assessment shall include a preremoval site assessment report to the tank owner as prescribed in subdivision 3 and (1) three borings if one tank is to be removed, or (2) five borings if more than one tank is to be removed. The placement of the borings shall be based on the tank system location, estimated depth and gradient of groundwater, and the maximum probability of encountering evidence of petroleum contamination.

Subd. 3. [REPORT TO TANK OWNER.] The consultant shall prepare a preremoval site assessment report which must include the following:

(1) a summary of any unusual site features affecting the preremoval site assessment and subsequent corrective action;

(2) the opinion of the consultant as to the presence and relative magnitude of any petroleum contamination on the site;

(3) the recommendation of the consultant as to whether further corrective action is needed, including groundwater remediation;

(4) the recommendation of the consultant as to whether the contaminated soil, if any, should be excavated and the volume of soil that should be excavated;

(5) a statement as to whether a petroleum tank release was reported to the agency and the date and time of that report, if any; and

(6) the signature of the consultant or contractor, and the date the report was prepared.

If further corrective action is recommended by the consultant, the preremoval site assessment report and any additional information gathered by the consultant during the assessment shall be used for securing competitive bids or proposals on forms prescribed by the board to implement corrective actions at the site, consistent with rules promulgated under this chapter.

Subd. 4. [BID AND INVOICE FORMS; AGENCY FACT SHEETS.] By August 1, 1995, the board shall prescribe a preremoval site assessment bid and invoice form as described in subdivision 1 and the agency shall publish fact sheets applicable to the preremoval site assessment.

Sec. 9. Minnesota Statutes 1994, section 115C.11, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION.] (a) All consultants and contractors who perform corrective action services must register with the board ~~in order to participate in the petroleum tank release cleanup program~~. In order to register, consultants must meet and demonstrate compliance with the following criteria:

(1) provide a signed statement to the board verifying agreement to abide by this chapter and the rules adopted under it and to include a signed statement with each claim that all costs claimed by the consultant are a true and accurate account of services performed;

(2) provide a signed statement that the consultant shall make available for inspection any records requested by the board for field or financial audits under the scope of this chapter;

(3) certify knowledge of the requirements of this chapter and the rules adopted under it;

(4) obtain and maintain professional liability coverage, including pollution impairment liability; and

(5) agree to submit to the board a certificate or certificates verifying the existence of the required insurance coverage.

(b) The board must maintain a list of all registered consultants and a list of all registered contractors ~~including an identification of the services offered~~.

(c) ~~An applicant who applies for reimbursement must use a~~ All corrective action services must be performed by registered ~~consultant~~ consultants and ~~contractor in order to be eligible for reimbursement~~ contractors.

(d) ~~The commissioner must inform any person who notifies the agency of a release under section 115.061 that the person must use a registered consultant or contractor to qualify for reimbursement and that a list of registered consultants and contractors is available from the board.~~

~~(e) Work~~ Reimbursement for corrective action services performed by an unregistered consultant or contractor is ~~ineligible for reimbursement~~ subject to reduction under section 115C.09, subdivision 3, paragraph (i).

~~(f) Work~~ (e) Corrective action services performed by a consultant or contractor prior to being removed from the registration list may be reimbursed without reduction by the board.

~~(g)~~ (f) If the information in an application for registration becomes inaccurate or incomplete in any material respect, the registered consultant or contractor must promptly file a corrected application with the board.

~~(h)~~ (g) Registration is effective on the date a complete application is received by the board. The board may reimburse without reduction the cost of work performed by an unregistered contractor if the contractor performed the work within 30 days of the effective date of registration.

Sec. 10. Minnesota Statutes 1994, section 115C.11, subdivision 2, is amended to read:

Subd. 2. [DISQUALIFICATION.] (a) The board must automatically remove from the registration list for five years a consultant or contractor who is convicted in a criminal proceeding for submitting false or fraudulent bills that are part of a claim for reimbursement under section 115C.09. The board may, in addition, impose one or more of the sanctions in paragraph (c).

(b) The board may impose sanctions under paragraph (c) on a consultant or contractor for any of the following reasons:

(1) engaging in conduct that departs from or fails to conform to the minimal standards of acceptable and prevailing engineering, hydrogeological, or other technical practices within the reasonable control of the consultant or contractor;

(2) participating in a kickback scheme prohibited under section 115C.045;

(3) engaging in conduct likely to deceive or defraud, or demonstrating a willful or careless disregard for public health or the environment;

(4) commission of fraud, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, or obstruction of justice; ~~or~~

(5) revocation, suspension, restriction, limitation, or other disciplinary action against the contractor's or consultant's license or certification in another state or jurisdiction; or

(6) if the person is a consultant, failure to comply with any of the ongoing obligations for registration as a consultant in subdivision 1, paragraph (a).

(c) The board may impose one or more of the following sanctions:

(1) remove a consultant or contractor from the registration list for up to five years;

(2) publicly reprimand or censure the consultant or contractor;

(3) place the consultant or contractor on probation for a period and upon terms and conditions the board prescribes;

(4) require payment of all costs of proceedings resulting in an action instituted under this paragraph; or

(5) impose a civil penalty of not more than $10,000, in an amount that the board determines will deprive the consultant or contractor of any economic advantage gained by reason of the consultant's or contractor's conduct or to reimburse the board for the cost of the investigation and proceeding.

(d) In deciding whether a particular sanction is appropriate, the board must consider the seriousness of the consultant's or contractor's acts or omissions and any mitigating factors.

(e) Civil penalties recovered by the state under this section must be credited to the account.

Sec. 11. Minnesota Statutes 1994, section 115C.12, is amended to read:

115C.12 [APPEAL OF REIMBURSEMENT DETERMINATION.]

Subdivision 1. [APPEAL FROM DETERMINATION OF COMMISSIONER OF COMMERCE.] ~~(a) A person may appeal to the board within 90 days after notice of a reimbursement determination made under section 115C.09 by submitting a written notice setting forth the specific basis for the appeal.~~

~~(b) The board shall consider the appeal within 90 days of the notice of appeal. The board shall notify the appealing party of the date of the meeting at which the appeal will be heard at least 30 days before the date of the meeting.~~

~~(c) The board's decision must be based on the written record and written arguments and~~

~~submissions unless the board determines that oral argument is necessary to aid the board in its decision making. Any written submissions must be delivered to the board at least 15 days before the meeting at which the appeal will be heard. Any request for the presentation of oral argument must be in writing and submitted along with the notice of appeal.~~ An applicant for reimbursement may appeal to the board a reimbursement determination made by the commissioner of commerce under authority delegated by the board according to section 115C.09, subdivision 10. The commissioner of commerce shall send written notification of the reimbursement determination by first class United States mail to the applicant for reimbursement at the applicant's last known address. The applicant for reimbursement must file written notice with the board of an appeal of a reimbursement determination made by the commissioner of commerce within 60 days of the date that the commissioner of commerce sends written notice to the applicant of the reimbursement determination. The board shall consider the appeal within 90 days of receipt of the written notice of appeal by the applicant for reimbursement.

Subd. 2. [APPEAL FROM DECISION OF THE BOARD.] (a) An applicant for reimbursement may appeal a reimbursement determination of the board as a contested case under chapter 14. An applicant for reimbursement must provide written notification to the board of a request for a contested case within 30 days of the date that the board makes a reimbursement determination.

(b) This subdivision applies to reimbursement determinations made by the board as a result of an appeal to the board under subdivision 1 and reimbursement determinations made by the board when the board has not delegated its authority to make reimbursement determinations.

Sec. 12. Minnesota Statutes 1994, section 115C.13, is amended to read:

115C.13 [REPEALER.]

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.092, 115C.10, 115C.11, and 115C.12, are repealed effective June 30, 2000.

Sec. 13. [116.481] [MONITORING.]

Subdivision 1. [MEASUREMENT OF TANK CAPACITY.] (a) By September 1, 1996, all aboveground tanks of 2,000 gallons or more used for storage and subsequent resale of petroleum products must be equipped with:

(1) a gauge in working order that shows the current level of product in the tank; or

(2) an audible or visual alarm which alerts the person delivering fuel into the tank that the tank is within 100 gallons of capacity.

(b) In lieu of the equipment specified in paragraph (a), the owner or operator of a tank may use a manual method of measurement which accurately determines the amount of product in the tank and the amount of capacity available to be used. This information must be readily available to anyone delivering fuel into the tank prior to delivery. Documentation that a tank has the available capacity for the amount of product to be delivered must be transmitted to the person making the delivery.

Subd. 2. [CONTENTS LABELED.] (a) By December 1, 1995, all aboveground tanks governed by this section must be numbered and labeled as to the tank contents, total capacity, and capacity in volume increments of 500 gallons or less.

(b) Piping connected to the tank must be labeled with the product carried at the point of delivery and at the tank inlet. Manifolded delivery points must have all valves labeled as to product distribution.

Subd. 3. [SITE DIAGRAM.] (a) All tanks at a facility shall be shown on a site diagram which is permanently mounted in an area accessible to delivery personnel. The diagram shall show the number, capacity, and contents of tanks and the location of piping, valves, storm sewers, and other information necessary for emergency response, including the facility owner's or operator's telephone number.

(b) Prior to delivering product into an underground or aboveground tank, delivery personnel shall:

(1) consult the site diagram, where applicable, for proper delivery points, tank and piping locations, and valve settings;

(2) visually inspect the tank, piping, and valve settings to determine that the product being delivered will flow only into the appropriate tank; and

(3) determine, using equipment and information available at the site, that the available capacity of the tank is sufficient to hold the amount being delivered.

Delivery personnel must remain in attendance during delivery.

Subd. 4. [CAPACITY OF TANK.] A tank may not be filled from a transport vehicle compartment containing more than the available capacity of the tank, unless the hose of the transport vehicle is equipped with a manually operated shut-off nozzle.

Subd. 5. [EXEMPTION.] Aboveground and underground tanks located at refineries, pipeline terminals, and river terminals are exempt from this section.

Sec. 14. [EFFECTIVE DATE.]

Sections 2 and 5, paragraph (a), are effective retroactive to June 4, 1987. Section 5, paragraphs (c) to (k), section 7, and section 8, subdivision 4, are effective the day following final enactment. Section 10 is effective January 1, 1996. All other sections are effective August 1, 1995. Sections 1 and 8 apply only to preremoval site assessments begun on or after August 1, 1995.

ARTICLE 2

Section 1. Minnesota Statutes 1994, section 88.171, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED MATERIALS.] No person shall conduct, cause, or permit open burning of ~~oils,~~ rubber, plastics, chemically treated materials, or other materials which produce excessive or noxious smoke including, but not limited to, tires, railroad ties, chemically treated lumber, composite shingles, tar paper, insulation, composition board, sheetrock, wiring, paint, or paint filters. Except as specifically authorized by the commissioner of the pollution control agency as an emergency response to an oil spill, no person shall conduct, cause, or permit open burning of oil.

Sec. 2. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 3a. [DAMAGES.] "Damages" means damages of any kind for which liability may exist under the laws of this state resulting from, arising out of, or related to the discharge or threatened discharge of hazardous substances or oil.

Sec. 3. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 11a. [RESPONSE AREA.] "Response area" means the area designated by the federal on-scene coordinator, the commissioner of the pollution control agency, or the commissioner of agriculture in which response to a discharge is occurring.

Sec. 4. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 11b. [RESPONSE COSTS.] "Response costs" means the costs of response that are incurred after a discharge of oil or hazardous substances has occurred, or, where there is a substantial threat of discharge of oil or hazardous substances, the costs to prevent, minimize, or mitigate a discharge.

Sec. 5. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 11c. [RESPONSIBLE PARTY.] "Responsible party" means a responsible party as defined in section 1001 of the Oil Pollution Act of 1990.

Sec. 6. Minnesota Statutes 1994, section 115E.04, subdivision 2, is amended to read:

Subd. 2. [TIMING.] (a) A person required to be prepared under section 115E.03, other than a person who owns or operates a motor vehicle, rolling stock, or a facility that stores less than 250,000 gallons of oil or a hazardous substance, shall complete the response plan required by this section by March 1, 1993, unless one of the commissioners orders the person to demonstrate preparedness at an earlier date under section 115E.05. ~~Plans must be updated every three years. Plans must be updated before three years following a significant discharge, upon significant change in vessel or facility operation or ownership, upon significant change in the national or area contingency plans under the Oil Pollution Act of 1990, or upon change in the capabilities or role of a person named in a plan who has an important response role.~~

(b) A person who owns or operates a motor vehicle, rolling stock, or a facility that stores less than 250,000 gallons of oil or a hazardous substance shall complete the response plan required by this section by January 1, 1994.

(c) Plans required under section 115E.04 or 115E.045 must be updated every three years. Plans must be updated before three years following a significant discharge, upon significant change in vessel or facility operation or ownership, upon significant change in the national or area contingency plans under the Oil Pollution Act of 1990, or upon change in the capabilities or role of a person named in a plan who has an important response role.

Sec. 7. Minnesota Statutes 1994, section 115E.06, is amended to read:

115E.06 [GOOD SAMARITAN.]

(a) A person listed in this paragraph who is rendering assistance in response to a discharge of a hazardous substance ~~or oil~~ is not liable for response costs that result from actions taken or failed to be taken in the course of the assistance unless the person is grossly negligent or engages in willful misconduct:

(1) a member of a cooperative or community awareness and emergency response group in compliance with standards in rules adopted by the pollution control agency;

(2) an employee or official of the political subdivision where the response takes place, or a political subdivision that has a mutual aid agreement with that subdivision;

(3) a member or political subdivision sponsor of a hazardous materials incident response team or special chemical assessment team designated by the commissioner of the department of public safety;

(4) a person carrying out the directions of: (i) the commissioner of the pollution control agency, the commissioner of agriculture, the commissioner of natural resources, or the commissioner of public safety; or (ii) the United States Coast Guard or Environmental Protection Agency on-scene coordinator consistent with a national contingency plan under the Oil Pollution Act of 1990; and

(5) a for-hire response contractor.

(b) This section does not exempt from liability responsible persons with respect to the discharge under chapter 115B or 115C or responsible parties with respect to the discharge under chapter 18B or 18D.

Sec. 8. Minnesota Statutes 1994, section 115E.061, is amended to read:

115E.061 [RESPONDER IMMUNITY; OIL DISCHARGES.]

(a) Notwithstanding any other law, a person ~~identified in section 115E.06, paragraph (a),~~ who is rendering care, assistance, or advice in response to a discharge or threat of discharge of oil is not liable for response costs or damages that result from actions taken or failed to be taken in the course of rendering the care, assistance, or advice ~~in accordance~~ consistent with the national contingency plan under the Oil Pollution Act of 1990, or as otherwise directed by the federal on-scene coordinator, the commissioner of the pollution control agency, the commissioner of agriculture, the commissioner of natural resources, or the commissioner of public safety.

(b) Paragraph (a) does not apply:

(1) to a responsible ~~person under chapter 115B or 115C~~ party;

(2) with respect to personal injury or wrongful death; ~~or~~

(3) if the person rendering assistance is grossly negligent or engages in willful misconduct; or

(4) to a discharge that occurs outside the response area or after the response.

(c) Nothing in this section relieves a responsible party from liability the responsible party otherwise has for the initial discharge or threat of discharge that necessitated the response.

(d) Nothing in this section relieves a responsible party from the following duties:

(1) to take steps to prevent discharges under section 115E.02;

(2) to be prepared for discharges under section 115E.03, subdivision 1; or

(3) duties under section 115.061.

(e) A responsible party is liable for any response costs and damages that another person is relieved of under paragraph (a).

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the environment; modifying the petroleum tank release cleanup program; providing for payment for a site assessment prior to tank removal; modifying reimbursement provisions; adding requirements for tank monitoring; establishing registration requirements; modifying program and liability provisions; clarifying liability for oil discharges; amending Minnesota Statutes 1994, sections 88.171, subdivision 2; 115C.02, by adding subdivisions; 115C.03, subdivision 10; 115C.09, subdivisions 2, 3, 3b, and 3c; 115C.11, subdivisions 1 and 2; 115C.12; 115C.13; 115E.01, by adding subdivisions; 115E.04, subdivision 2; 115E.06; and 115E.061; proposing coding for new law in Minnesota Statutes, chapters 115C; and 116."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steven G. Novak, Don Samuelson, Steve Dille

House Conferees: (Signed) Roger Cooper, Stephen G. Wenzel, Ron Kraus

Mr. Novak moved that the foregoing recommendations and Conference Committee Report on S.F. No. 507 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 507 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Johnson, D.E.	Krentz	Merriam
Beckman	Day	Johnson, D.J.	Kroening	Metzen
Belanger	Dille	Johnson, J.B.	Laidig	Moe, R.D.
Berg	Finn	Johnston	Langseth	Mondale
Berglin	Flynn	Kelly	Larson	Morse
Bertram	Frederickson	Kiscaden	Lesewski	Neuville
Betzold	Hanson	Kleis	Lessard	Novak
Chandler	Hottinger	Knutson	Limmer	Oliver
Chmielewski	Janezich	Kramer	Marty	Olson

Pappas	Price	Robertson	Scheevel	Stumpf
Pariseau	Ranum	Runbeck	Solon	Terwilliger
Piper	Reichgott Junge	Sams	Spear	Vickerman
Pogemiller	Riveness	Samuelson	Stevens	Wiener

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 557 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 557

A bill for an act relating to employment; authorizing the legislative commission on employee relations to modify compensation for certain managerial positions in the higher education board; ratifying certain labor agreements; amending Minnesota Statutes 1994, sections 3.855, subdivision 3; 179A.04, subdivision 3; and 179A.16, subdivisions 6, 7, and 8.

May 20, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 557, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 557 be further amended as follows:

Page 8, delete lines 22 to 33 and insert "appointed by the higher education board may not receive any increase in salary or be promoted to a higher position until after the board of trustees of the Minnesota state colleges and universities has assigned the position or class to an appropriate salary range. When the board of trustees next submits the compensation plan for excluded managers to the legislative commission on employee relations for interim approval, the plan must include the assignment of all classes and positions to specific salary ranges. The board of trustees has the authority to assign the appropriate salary and salary range for all positions covered in this plan."

Page 9, line 6, delete "INTEREST"

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "modifying provisions relating to arbitrators;"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Carol Flynn, Gene Merriam, Sheila M. Kiscaden

House Conferees: (Signed) Loren A. Solberg, Ann H. Rest, Harry Mares

Ms. Flynn moved that the foregoing recommendations and Conference Committee Report on S.F. No. 557 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 557 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Novak	Sams
Beckman	Hottinger	Langseth	Oliver	Samuelson
Belanger	Janezich	Larson	Olson	Scheevel
Berg	Johnson, D.E.	Lesewski	Ourada	Solon
Berglin	Johnson, D.J.	Lessard	Pappas	Spear
Bertram	Johnson, J.B.	Limmer	Pariseau	Stevens
Betzold	Johnston	Marty	Piper	Stumpf
Chandler	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	
Frederickson	Kroening	Neuville	Runbeck	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 4:00 p.m. The motion prevailed.

The hour of 4:00 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 265, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 265 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 22, 1995

CONFERENCE COMMITTEE REPORT ON H.F. NO. 265

A bill for an act relating to gambling; making technical amendments to eliminate references to teleracing facilities; regulating testing facilities for the testing of gambling devices; regulating bingo and lawful purpose expenditures, and credit and sales to delinquent organizations; providing for contributions to certain compulsive gambling programs; amending Minnesota Statutes 1994, sections 240.01, subdivisions 18 and 23; 240.10; 240.19; 240.23; 240.27, subdivisions 2, 3, 4, and

5; 299L.01, subdivision 1; 299L.03, subdivision 1; 299L.07, subdivisions 1, 2, 4, 5, 6, and by adding a subdivision; 349.12, subdivision 25, and by adding a subdivision; 349.17, subdivision 1; 349.191, subdivision 1a; and 349.211, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 299L; repealing Minnesota Statutes 1994, section 240.01, subdivisions 17 and 21.

May 18, 1995

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 265, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 265 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 240.01, subdivision 18, is amended to read:

Subd. 18. [ON-TRACK PARI-MUTUEL BETTING.] "On-track pari-mutuel betting" means wagering conducted at a licensed racetrack~~, or at a class E licensed facility whose wagering system is electronically linked to a licensed racetrack~~.

Sec. 2. Minnesota Statutes 1994, section 240.01, subdivision 23, is amended to read:

Subd. 23. [FULL RACING CARD.] "Full racing card" means three or more races that are: (1) part of a horse racing program being conducted at a racetrack; and (2) being simulcast or telerace simulcast at a licensed racetrack ~~or teleracing facility~~.

Sec. 3. Minnesota Statutes 1994, section 240.10, is amended to read:

240.10 [LICENSE FEES.]

The fee for a class A license is $10,000 per year. The fee for a class B license is $100 for each assigned racing day on which racing is actually conducted, and $50 for each day on which simulcasting is authorized and actually takes place. The fee for a class D license is $50 for each assigned racing day on which racing is actually conducted. ~~The fee for a class E license is $1,000 per year.~~ Fees imposed on class B and class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 but no annual fee for a class C license may exceed $100.

License fee payments received must be paid by the commission to the state treasurer for deposit in the general fund.

Sec. 4. Minnesota Statutes 1994, section 240.19, is amended to read:

240.19 [CONTRACTS.]

The commission shall by rule require that all contracts entered into by a class A, class B, or class D~~, or class E~~ licensee for the provision of goods or services, including concessions contracts, be subject to commission approval. The rules must require that the contract include an affirmative action plan establishing goals and timetables consistent with the Minnesota Human Rights Act, chapter 363. The rules may also establish goals to provide economic opportunity for disadvantaged and emerging small businesses, racial minorities, women, and disabled individuals. The commission may require a contract holder to submit to it documents and records the commission deems necessary to evaluate the contract.

Sec. 5. Minnesota Statutes 1994, section 240.23, is amended to read:

240.23 [RULEMAKING AUTHORITY.]

The commission has the authority, in addition to all other rulemaking authority granted elsewhere in this chapter to promulgate rules governing:

(a) the conduct of horse races held at licensed racetracks in Minnesota, including but not limited to the rules of racing, standards of entry, operation of claiming races, filing and handling of objections, carrying of weights, and declaration of official results;

(b) wire communications between the premises of a licensed racetrack and any place outside the premises;

(c) information on horse races which is sold on the premises of a licensed racetrack;

(d) liability insurance which it may require of all class A, class B, and class D~~, and class E~~ licensees;

(e) the auditing of the books and records of a licensee by an auditor employed or appointed by the commission;

(f) emergency action plans maintained by licensed racetracks and their periodic review;

(g) safety, security, and sanitation of stabling facilities at licensed racetracks;

(h) entry fees and other funds received by a licensee in the course of conducting racing which the commission determines must be placed in escrow accounts;

(i) affirmative action in employment and contracting by class A, class B, and class D licensees; and

(j) ~~the operation of teleracing facilities; and~~

~~(k)~~ any other aspect of horse racing or pari-mutuel betting which in its opinion affects the integrity of racing or the public health, welfare, or safety.

Rules of the commission are subject to chapter 14, the Administrative Procedure Act.

Sec. 6. Minnesota Statutes 1994, section 240.27, subdivision 2, is amended to read:

Subd. 2. [HEARING; APPEAL.] An order to exclude a person from any or all licensed racetracks ~~or licensed teleracing facilities~~ in the state must be made by the commission at a public hearing of which the person to be excluded must have at least five days' notice. If present at the hearing, the person must be permitted to show cause why the exclusion should not be ordered. An appeal of the order may be made in the same manner as other appeals under section 240.20.

Sec. 7. Minnesota Statutes 1994, section 240.27, subdivision 3, is amended to read:

Subd. 3. [NOTICE TO RACETRACKS.] Upon issuing an order excluding a person from any or all licensed racetracks ~~or licensed teleracing facilities~~, the commission shall send a copy of the order to the excluded person and to all racetracks or teleracing facilities named in it, along with other information as it deems necessary to permit compliance with the order.

Sec. 8. Minnesota Statutes 1994, section 240.27, subdivision 4, is amended to read:

Subd. 4. [PROHIBITIONS.] It is a gross misdemeanor for a person named in an exclusion order to enter, attempt to enter, or be on the premises of a racetrack ~~or a teleracing facility~~ named in the order while it is in effect, and for a person licensed to conduct racing or operate a racetrack ~~or a teleracing facility~~ knowingly to permit an excluded person to enter or be on the premises.

Sec. 9. Minnesota Statutes 1994, section 240.27, subdivision 5, is amended to read:

Subd. 5. [EXCLUSIONS BY RACETRACK.] The holder of a license to conduct racing ~~or operate a teleracing facility~~ may eject and exclude from its premises any licensee or any other person who is in violation of any state law or commission rule or order or who is a threat to racing integrity or the public safety. A person so excluded from racetrack premises ~~or teleracing facility~~

may appeal the exclusion to the commission and must be given a public hearing on the appeal upon request. At the hearing the person must be given the opportunity to show cause why the exclusion should not have been ordered. If the commission after the hearing finds that the integrity of racing and the public safety do not justify the exclusion, it shall order the racetrack ~~or teleracing facility~~ making the exclusion to reinstate or readmit the person. An appeal of a commission order upholding the exclusion is governed by section 240.20.

Sec. 10. Minnesota Statutes 1994, section 299L.01, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this chapter, the terms defined in this subdivision have the meanings given them.

(b) "Division" means the division of gambling enforcement.

(c) "Commissioner" means the commissioner of public safety.

(d) "Director" means the director of gambling enforcement.

(e) "Manufacturer" means a person who assembles from raw materials or subparts a gambling device for sale or use in Minnesota.

(f) "Distributor" means a person who sells, offers to sell, or otherwise provides a gambling device to a person in Minnesota.

(g) "Used gambling device" means a gambling device five or more years old from the date of manufacture.

(h) "Test" means the process of examining a gambling device to determine its characteristics or compliance with the established requirements of any jurisdiction.

(i) "Testing facility" means a person in Minnesota who is engaged in the testing of gambling devices for use in any jurisdiction.

Sec. 11. Minnesota Statutes 1994, section 299L.03, subdivision 1, is amended to read:

Subdivision 1. [INSPECTIONS; ACCESS.] In conducting any inspection authorized under this chapter or chapter 240, 349, or 349A, the employees of the division of gambling enforcement have free and open access to all parts of the regulated business premises, and may conduct the inspection at any reasonable time without notice and without a search warrant. For purposes of this subdivision, "regulated business premises" means premises where:

(1) lawful gambling is conducted by an organization licensed under chapter 349 or by an organization exempt from licensing under section 349.166;

(2) gambling equipment is manufactured, sold, distributed, or serviced by a manufacturer or distributor licensed under chapter 349;

(3) records required to be maintained under chapter 240, 297E, 349, or 349A are prepared or retained;

(4) lottery tickets are sold by a lottery retailer under chapter 340A;

(5) races are conducted by a person licensed under chapter 240; or

(6) gambling devices are manufactured ~~or~~, distributed, or tested, including places of storage under section 299L.07.

Sec. 12. Minnesota Statutes 1994, section 299L.05, is amended to read:

299L.05 [GAMBLING VIOLATIONS; RESTRICTIONS ON FURTHER ACTIVITY.]

An owner of an establishment is prohibited from having lawful gambling under chapter 349 conducted on the premises, or selling any lottery tickets under chapter 349A, ~~or having a video game of chance as defined under section 349.50 located on the premises,~~ if a person was convicted of violating section 609.76, subdivision 1, clause (7), or 609.76, subdivision (2), for an activity occurring on the owner's premises.

Sec. 13. Minnesota Statutes 1994, section 299L.07, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] Except as provided in subdivision 2, a person may not (1) manufacture, sell, offer to sell, lease, rent, or otherwise provide, in whole or in part, a gambling device as defined in sections 349.30, subdivision 2, and 609.75, subdivision 4, or (2) operate a testing facility, without first obtaining a license under this section.

Sec. 14. Minnesota Statutes 1994, section 299L.07, subdivision 2, is amended to read:

Subd. 2. [EXCLUSIONS.] Notwithstanding subdivision 1, a gambling device:

(1) ~~may be manufactured without a license as provided in section 349.40; and~~

~~(2)~~ may be sold by a person who is not licensed under this section, if the person (i) is not engaged in the trade or business of selling gambling devices, and (ii) does not sell more than one gambling device in any calendar year;

(2) may be possessed by a person not licensed under this section if the person holds a permit issued under section 299L.08; and

(3) may be possessed by a state agency, with the written authorization of the director, for display or evaluation purposes only and not for the conduct of gambling.

Sec. 15. Minnesota Statutes 1994, section 299L.07, is amended by adding a subdivision to read:

Subd. 2b. [TESTING FACILITIES.] (a) A person holding a license to operate a testing facility may possess a gambling device only for the purpose of performing tests on the gambling device.

(b) No person may hold a license to operate a testing facility under this section who is licensed as a manufacturer or distributor of gambling devices under this section or as a manufacturer or distributor of gambling equipment under chapter 349.

Sec. 16. Minnesota Statutes 1994, section 299L.07, subdivision 4, is amended to read:

Subd. 4. [APPLICATION.] An application for a ~~manufacturer's or distributor's~~ license under this section must be on a form prescribed by the commissioner and must, at a minimum, contain:

(1) the name and address of the applicant and, if it is a corporation, the names of all officers, directors, and shareholders with a financial interest of five percent or more;

(2) the names and addresses of any holding corporation, subsidiary, or affiliate of the applicant, without regard to whether the holding corporation, subsidiary, or affiliate does business in Minnesota; and

(3) if the applicant does not maintain a Minnesota office, an irrevocable consent statement signed by the applicant, stating that suits and actions relating to the subject matter of the application or acts of omissions arising from it may be commenced against the applicant in a court of competent jurisdiction in this state by service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleading is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown on the application.

Sec. 17. Minnesota Statutes 1994, section 299L.07, subdivision 5, is amended to read:

Subd. 5. [INVESTIGATION.] Before a ~~manufacturer's or distributor's~~ license under this section is granted, the director may conduct a background and financial investigation of the applicant, including the applicant's sources of financing. The director may, or shall when required by law, require that fingerprints be taken and the director may forward the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The director may charge an investigation fee to cover the cost of the investigation.

Sec. 18. Minnesota Statutes 1994, section 299L.07, subdivision 6, is amended to read:

Subd. 6. [LICENSE FEES.] (a) A license issued under this section is valid for one year.

(b) For a person who distributes 100 or fewer used gambling devices per year, the fee is $1,500. For a person who distributes more than 100 used gambling devices per year, the fee is $2,000.

(c) For a person who manufactures or distributes 100 or fewer new, or new and used gambling devices in a year, the fee is $5,000. For a person who manufactures or distributes more than 100 new, or new and used gambling devices in a year, the fee is $7,500.

(d) For a testing facility the fee is $5,000.

Sec. 19. [299L.08] [TEMPORARY POSSESSION; PERMIT.]

Subdivision 1. [PERMIT AUTHORIZED.] The director may issue a temporary permit for a person to possess a gambling device for the purpose of displaying the gambling device at a trade show, convention, or other event where gambling devices are displayed.

Subd. 2. [APPLICATION; FEE.] An application for a temporary permit under this section must contain:

(1) the applicant's name, address, and telephone number;

(2) the name, date, and location of the event where the gambling device will be displayed;

(3) the method or methods by which the gambling device will be transported to the event, including the name of all carriers performing the transportation and the date of expected shipment;

(4) the individual or individuals who will be responsible for the gambling device while it is in Minnesota;

(5) the type, make, model, and serial number of the device;

(6) the location where the device will be stored in Minnesota while not at the event location;

(7) the date on which the device will be transported outside Minnesota;

(8) evidence satisfactory to the director that the applicant is registered and in compliance with United States Code, title 15, sections 1171 to 1178; and

(9) other information the director deems necessary.

The fee for a permit under this section is $100.

Subd. 3. [TERMS.] A permit under this section authorizes possession of a gambling device only during the period and for the event named in the permit. The permit authorizes the possession of a gambling device for display, educational, and information purposes only, and does not authorize the conduct of any gambling. The permit may not extend for more than 72 hours beyond the end of the event named in the permit.

Subd. 4. [INSPECTION.] The director may conduct inspections of events where gambling devices are displayed to ensure compliance with this section and other laws relating to gambling.

Sec. 20. Minnesota Statutes 1994, section 349.12, is amended by adding a subdivision to read:

Subd. 15a. [FESTIVAL ORGANIZATION.] "Festival organization" is an organization conducting a community festival that is exempt from the payment of federal income taxes under section 501(c)(4) of the Internal Revenue Code.

Sec. 21. Minnesota Statutes 1994, section 349.12, subdivision 25, is amended to read:

Subd. 25. [LAWFUL PURPOSE.] (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a ~~recognized~~ program recognized by the Minnesota department of human services for the education, prevention, or treatment of compulsive gambling ~~on behalf of an individual who is a compulsive gambler~~;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per occasion reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

(i) members of a military marching or colorguard unit for activities conducted within the state; or

(ii) members of an organization solely for services performed by the members at funeral services;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization paying the taxes, not to exceed:

(i) ~~the amount which an organization may expend under board rule on rent~~ for premises used for bingo, the amount that an organization may expend under board rules on rent for bingo; ~~or~~ and

(ii) ~~$15,000~~ $35,000 per year for premises used for other forms of lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) payment of one-half of the reasonable costs of an audit required in section 297E.06, subdivision 4;

(13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that wildlife management project approves the project before the contribution or expenditure is made; or

(14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails that are (1) grant-in-aid trails established under section 116J.406, or (2) other trails open to public use, including purchase or lease of equipment for this purpose.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund.

Sec. 22. Minnesota Statutes 1994, section 349.162, subdivision 1, is amended to read:

Subdivision 1. [STAMP REQUIRED.] (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, and no person may purchase, borrow, accept, or acquire from a distributor gambling equipment for use within the state unless the equipment has been registered with the board and has a registration stamp affixed, except for gambling equipment not stamped by the manufacturer pursuant to section 349.163, subdivision 5 or 8. The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor or manufacturer is entitled to a refund for unused registration stamps and replacement for registration stamps which are defective or canceled by the distributor or manufacturer.

(b) A manufacturer must return all unused registration stamps in its possession to the board by February 1, 1995. No manufacturer may possess unaffixed registration stamps after February 1, 1995.

(c) After February 1, 1996, no person may possess any unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare or any unplayed paddleticket cards with a registration stamp affixed to the master flare. This paragraph does not apply to unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare, or to unplayed paddleticket cards with a registration stamp affixed to the master flare, if the deals or cards are identified on a list of existing inventory submitted by a licensed organization or a licensed distributor, in a format prescribed by the commissioner of revenue, to the commissioner of revenue on or before February 1, 1996. Gambling equipment kept in violation of this paragraph is contraband under section 349.2125.

Sec. 23. Minnesota Statutes 1994, section 349.17, subdivision 1, is amended to read:

Subdivision 1. [BINGO OCCASIONS.] Not more than ~~seven~~ ten bingo occasions each week may be conducted by an organization. At least 15 bingo games must be held at each occasion and a bingo occasion must continue for at least 1-1/2 hours but not more than four consecutive hours.

Sec. 24. Minnesota Statutes 1994, section 349.191, subdivision 1a, is amended to read:

Subd. 1a. [CREDIT AND SALES TO DELINQUENT ORGANIZATIONS.] (a) If a distributor does not receive payment in full from an organization within ~~30~~ 35 days of the delivery of gambling equipment, the distributor must notify the board in writing of the delinquency.

(b) If a distributor who has notified the board under paragraph (a) has not received payment in full from the organization within 60 days of the notification under paragraph (a), the distributor must notify the board of the continuing delinquency.

(c) On receipt of a notice under paragraph (a), the board shall order all distributors that until further notice from the board, they may sell gambling equipment to the delinquent organizations only on a cash basis with no credit extended. On receipt of a notice under paragraph (b), the board shall order all distributors not to sell any gambling equipment to the delinquent organization.

(d) No distributor may extend credit or sell gambling equipment to an organization in violation of an order under paragraph (c) until the board has authorized such credit or sale.

Sec. 25. Minnesota Statutes 1994, section 349.211, subdivision 1, is amended to read:

Subdivision 1. [BINGO.] Except as provided in subdivision 2, prizes for a single bingo game may not exceed $100 except prizes for a cover-all game, which may exceed $100 if the aggregate value of all cover-all prizes in a bingo occasion does not exceed $1,000. Total prizes awarded at a bingo occasion may not exceed $2,500, unless a cover-all game is played in which case the limit is $3,500. A prize may be determined based on the value of the bingo packet sold to the player. For purposes of this subdivision, a cover-all game is one in which a player must cover all spaces except a single free space to win.

Sec. 26. [LEGISLATIVE INTENT.]

It is the intent of the legislature that the state request negotiations to amend or replace all tribal-state gaming compacts negotiated under the Indian Gaming Regulatory Act, Public Law Number 100-497, and Minnesota Statutes, section 3.9221.

Sec. 27. [GOVERNOR ACTION; RENEGOTIATION.]

The governor shall take all steps necessary to renegotiate all compacts previously negotiated with Indian tribes under the Indian Gaming Regulatory Act, Public Law Number 100-497, and Minnesota Statutes, section 3.9221.

Sec. 28. [REPEALER.]

Minnesota Statutes 1994, section 240.01, subdivisions 17, 20, and 21, are repealed.

Sec. 29. [EFFECTIVE DATE.]

Sections 1 to 28 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 8, after the semicolon, insert "providing for the renegotiation of tribal-state gaming compacts;"

Page 1, line 12, after "1;" insert "299L.05;"

Page 1, line 14, after the first semicolon, insert "349.162, subdivision 1;"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) John Dorn, Walter E. Perlt, Steve Dehler

Senate Conferees: (Signed) Charles A. Berg, Jerry R. Janezich, Thomas M. Neuville

Mr. Berg moved that the foregoing recommendations and Conference Committee Report on H.F. No. 265 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Merriam moved that the recommendations and Conference Committee Report on H.F. No. 265 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on H.F. No. 265. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Merriam.

The roll was called, and there were yeas 55 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Morse	Ranum
Beckman	Hanson	Laidig	Murphy	Reichgott Junge
Berglin	Hottinger	Langseth	Novak	Riveness
Bertram	Johnson, D.E.	Larson	Oliver	Robertson
Betzold	Johnson, J.B.	Lesewski	Olson	Sams
Chandler	Johnston	Limmer	Ourada	Scheevel
Chmielewski	Kiscaden	Marty	Pappas	Solon
Cohen	Kleis	Merriam	Pariseau	Spear
Day	Knutson	Metzen	Piper	Terwilliger
Finn	Kramer	Moe, R.D.	Pogemiller	Vickerman
Flynn	Krentz	Mondale	Price	Wiener

Those who voted in the negative were:

Berg	Janezich	Neuville	Runbeck	Samuelson

The motion prevailed.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1444, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1444: A bill for an act relating to state lands; providing for the sale of certain tax-forfeited lands in St. Louis county; authorizing Crow Wing county to allow the sale of certain nonconforming lots within the Mississippi headwaters corridor; requiring the commissioner of natural resources to convey certain land to the city of Akeley; authorizing the sale of certain trust fund lands.

Senate File No. 1444 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 557, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 557: A bill for an act relating to employment; authorizing the legislative commission on employee relations to modify compensation for certain managerial positions in the higher education board; ratifying certain labor agreements; amending Minnesota Statutes 1994, sections 3.855, subdivision 3; 179A.04, subdivision 3; and 179A.16, subdivisions 6, 7, and 8.

Senate File No. 557 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 507, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 507: A bill for an act relating to petroleum tank release cleanup program; providing for payment for a site assessment prior to tank removal; modifying reimbursement provisions; adding requirements for tank monitoring; establishing registration requirements; modifying program and liability provisions; amending Minnesota Statutes 1994, sections 88.171, subdivision 2; 115C.02, subdivision 11, and by adding a subdivision; 115C.03, subdivision 10; 115C.09, subdivisions 1, 2, 3, 3b, and 3c; 115C.11, subdivision 1; 115C.12; 115C.13; 115E.01, by adding subdivisions; 115E.04, subdivision 2; 115E.06; and 115E.061; proposing coding for new law in Minnesota Statutes, chapters 115C; and 116.

Senate File No. 507 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 538, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 538: A bill for an act relating to state agencies; requiring the refund of license fees to certain applicants if licenses are not issued within six weeks; proposing coding for new law in Minnesota Statutes, chapter 15.

Senate File No. 538 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 281, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 281: A bill for an act relating to metropolitan government; clarifying language and changing obsolete references; amending Minnesota Statutes 1994, sections 275.066; 473.121, subdivision 11; 473.13, subdivisions 1 and 2; 473.164, subdivision 3; 473.375, subdivisions 9 and 13; 473.385, subdivision 2; 473.386, subdivisions 1, 2, and 5; 473.388, subdivision 4; 473.39, subdivision 1b; 473.446, subdivision 8; 473.448; 473.505; 473.595, subdivision 3; and Laws 1994, chapter 628, article 2, section 5; repealing Minnesota Statutes 1994, section 473.394.

Senate File No. 281 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 628, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 628 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 22, 1995

CONFERENCE COMMITTEE REPORT ON H.F. NO. 628

A bill for an act relating to the family; creating a presumption of refusal or neglect of parental duties in certain termination of parental rights cases; amending Minnesota Statutes 1994, section 260.221, subdivision 1.

May 19, 1995

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 628, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 628 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 260.221, subdivision 1, is amended to read:

Subdivision 1. [VOLUNTARY AND INVOLUNTARY.] The juvenile court may upon petition, terminate all rights of a parent to a child in the following cases:

(a) With the written consent of a parent who for good cause desires to terminate parental rights; or

(b) If it finds that one or more of the following conditions exist:

(1) That the parent has abandoned the child. Abandonment is presumed when:

(i) the parent has had no contact with the child on a regular basis and no demonstrated, consistent interest in the child's well-being for six months; and

(ii) the social service agency has made reasonable efforts to facilitate contact, unless the parent establishes that an extreme financial or physical hardship or treatment for mental disability or chemical dependency or other good cause prevented the parent from making contact with the child. This presumption does not apply to children whose custody has been determined under chapter 257 or 518. The court is not prohibited from finding abandonment in the absence of this presumption; or

(2) That the parent has substantially, continuously, or repeatedly refused or neglected to comply with the duties imposed upon that parent by the parent and child relationship, including but not limited to providing the child with necessary food, clothing, shelter, education, and other care and control necessary for the child's physical, mental, or emotional health and development, if the parent is physically and financially able, and reasonable efforts by the social service agency have failed to correct the conditions that formed the basis of the petition; or

(3) That a parent has been ordered to contribute to the support of the child or financially aid in

the child's birth and has continuously failed to do so without good cause. This clause shall not be construed to state a grounds for termination of parental rights of a noncustodial parent if that parent has not been ordered to or cannot financially contribute to the support of the child or aid in the child's birth; or

(4) That a parent is palpably unfit to be a party to the parent and child relationship because of a consistent pattern of specific conduct before the child or of specific conditions directly relating to the parent and child relationship either of which are determined by the court to be of a duration or nature that renders the parent unable, for the reasonably foreseeable future, to care appropriately for the ongoing physical, mental, or emotional needs of the child. It is presumed that a parent is palpably unfit to be a party to the parent and child relationship upon a showing that:

(i) the child was adjudicated in need of protection or services due to circumstances described in section 260.015, subdivision 2a, clause (1), (2), (3), (5), or (8); and

(ii) within the three-year period immediately prior to that adjudication, the parent's parental rights to one or more other children were involuntarily terminated under clause (1), (2), (4), or (7) of this paragraph, or under clause (5) of this paragraph if the child was initially determined to be in need of protection or services due to circumstances described in section 260.015, subdivision 2a, clause (1), (2), (3), (5), or (8); or

(5) That following upon a determination of neglect or dependency, or of a child's need for protection or services, reasonable efforts, under the direction of the court, have failed to correct the conditions leading to the determination. It is presumed that reasonable efforts under this clause have failed upon a showing that:

(i) a child ~~under the age of 12~~ has resided out of the parental home under court order for more than one year following an adjudication of dependency, neglect, need for protection or services under section 260.015, subdivision 2a, clause (1), (2), (3), (6), (8), or (9), or neglected and in foster care, and an order for disposition under section 260.191, including adoption of the case plan required by section 257.071;

(ii) conditions leading to the determination will not be corrected within the reasonably foreseeable future. It is presumed that conditions leading to a child's out-of-home placement will not be corrected in the reasonably foreseeable future upon a showing that the parent or parents have not substantially complied with the court's orders and a reasonable case plan, and the conditions which led to the out-of-home placement have not been corrected; and

(iii) reasonable efforts have been made by the social service agency to rehabilitate the parent and reunite the family.

This clause does not prohibit the termination of parental rights prior to one year after a child has been placed out of the home.

It is also presumed that reasonable efforts have failed under this clause upon a showing that:

(i) the parent has been diagnosed as chemically dependent by a professional certified to make the diagnosis;

(ii) the parent has been required by a case plan to participate in a chemical dependency treatment program;

(iii) the treatment programs offered to the parent were culturally, linguistically, and clinically appropriate;

(iv) the parent has either failed two or more times to successfully complete a treatment program or has refused at two or more separate meetings with a caseworker to participate in a treatment program; and

(v) the parent continues to abuse chemicals.

Provided, that this presumption applies only to parents required by a case plan to participate in a chemical dependency treatment program on or after July 1, 1990; or

(6) That the parent has been convicted of causing the death of another of the parent's children; or

(7) That in the case of a child born to a mother who was not married to the child's father when the child was conceived nor when the child was born the person is not entitled to notice of an adoption hearing under section 259.49 and either the person has not filed a notice of intent to retain parental rights under section 259.51 or that the notice has been successfully challenged; or

(8) That the child is neglected and in foster care.

In an action involving an American Indian child, sections 257.35 to 257.3579 and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923, control to the extent that the provisions of this section are inconsistent with those laws."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Dave Bishop, Thomas Pugh, Wesley J. "Wes" Skoglund

Senate Conferees: (Signed) Sheila M. Kiscaden, Harold R. "Skip" Finn, John C. Hottinger

Ms. Kiscaden moved that the foregoing recommendations and Conference Committee Report on H.F. No. 628 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 628 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Mondale	Reichgott Junge
Beckman	Hanson	Kroening	Morse	Riveness
Belanger	Hottinger	Laidig	Murphy	Robertson
Berglin	Janezich	Langseth	Neuville	Runbeck
Bertram	Johnson, D.E.	Larson	Oliver	Sams
Betzold	Johnson, D.J.	Lesewski	Olson	Samuelson
Chandler	Johnson, J.B.	Lessard	Ourada	Scheevel
Chmielewski	Johnston	Limmer	Pappas	Solon
Cohen	Kiscaden	Marty	Pariseau	Spear
Day	Kleis	Merriam	Piper	Terwilliger
Finn	Knutson	Metzen	Pogemiller	Vickerman
Flynn	Kramer	Moe, R.D.	Price	Wiener

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1551 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1551

A bill for an act relating to agricultural economics; providing loans and incentives for agricultural energy resources development for family farms and cooperatives; amending Minnesota Statutes 1994, sections 41B.02, subdivision 19; 41B.046, subdivision 1, and by adding a subdivision; and 216C.41, subdivisions 1, 2, 3, and 4.

May 19, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1551, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1551 be further amended as follows:

Page 3, line 22, delete "and"

Page 3, line 24, before the period, insert "; and

(3) begins generating electricity after June 30, 1997"

Page 4, after line 23, insert:

"Sec. 8. Minnesota Statutes 1994, section 216C.41, subdivision 5, is amended to read:

Subd. 5. [AMOUNT OF PAYMENT.] An incentive payment is based on the number of kilowatt hours of electricity generated. The amount of the payment is 1.5 cents per kilowatt hour. For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than 100 megawatts of nameplate capacity. During any period in which qualifying claims for incentive payments exceed 100 megawatts of nameplate capacity, the payments must be made to producers in the order in which the production capacity was brought into production.

Sec. 9. [ADDITIONAL LIMIT ON INCENTIVE PAYMENTS TO WIND ENERGY CONVERSION FACILITIES.]

During the biennium ending June 30, 1999, incentive payments for wind energy conversion facilities under Minnesota Statutes, section 216C.41, are limited to no more than 7.5 megawatts of nameplate capacity. During a period in which qualifying claims for incentive payments exceed 7.5 megawatts of nameplate capacity, the payments must be made to producers in the order in which the production capacity was brought into production."

Page 4, line 24, delete "8" and insert "10"

Page 4, line 25, delete "7" and insert "9"

Amend the title as follows:

Page 1, line 7, delete the second "and"

Page 1, line 8, after "4" insert ", and 5"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Janet B. Johnson, Jim Vickerman, Arlene J. Lesewski

House Conferees: (Signed) Ted Winter, Steve Trimble, Dennis Ozment

Ms. Johnson, J.B. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1551 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1551 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Langseth	Novak	Runbeck
Beckman	Hottinger	Larson	Oliver	Sams
Belanger	Janezich	Lesewski	Olson	Samuelson
Berg	Johnson, D.E.	Lessard	Ourada	Scheevel
Berglin	Johnson, D.J.	Limmer	Pappas	Solon
Bertram	Johnson, J.B.	Marty	Pariseau	Spear
Betzold	Johnston	Merriam	Piper	Terwilliger
Chandler	Kiscaden	Metzen	Pogemiller	Vickerman
Chmielewski	Kleis	Moe, R.D.	Price	Wiener
Cohen	Knutson	Mondale	Ranum	
Day	Kramer	Morse	Reichgott Junge	
Finn	Krentz	Murphy	Riveness	
Frederickson	Laidig	Neuville	Robertson	

Mr. Kroening voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 980, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 980 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 22, 1995

CONFERENCE COMMITTEE REPORT ON H.F. NO. 980

A bill for an act relating to crime; clarifying language relating to controlled substance and certain other crimes; making it manslaughter in the first degree to cause the death of a child by malicious punishment under certain circumstances; making it manslaughter in the second degree to cause the death of a child by endangerment under certain circumstances; providing that a motor vehicle is subject to forfeiture if it was used to flee a peace officer in violation of law; imposing a fine for the crime of terroristic threats; providing procedures for prosecuting attorneys to follow when filing complaints against owners whose buildings are alleged nuisances; authorizing the court to issue orders of abatement that close buildings for two years or more when the buildings are declared to be nuisances a second time; providing penalties; amending Minnesota Statutes 1994, sections 152.021, subdivision 3; 152.022, subdivision 3; 152.023, subdivision 3; 152.024, subdivision 3; 152.025, subdivision 3; 401.02, subdivision 4; 609.10; 609.125; 609.185; 609.20; 609.205; 609.323, subdivisions 2, 3, and by adding a subdivision; 609.498, subdivision 1; 609.52, subdivision 1; 609.5312, by adding a subdivision; 609.582, subdivision 1; 609.713, subdivisions 1 and 2; 617.80, subdivisions 2, 4, 5, 8, and by adding a subdivision; 617.81, subdivisions 1, 2, and by adding a subdivision; 617.82; 617.83; 617.84; 617.85; 617.87; 626.13; proposing coding for new law in Minnesota Statutes, chapter 617; repealing Minnesota Statutes 1994, section 617.81, subdivisions 2a and 3.

May 20, 1995

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 980, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 980 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 152.021, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 30 years or to payment of a fine of not more than $1,000,000, or both.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be committed to the commissioner of corrections for not less than four years nor more than 40 years ~~or~~ and, in addition, may be sentenced to payment of a fine of not more than $1,000,000~~, or both~~.

(c) In a prosecution under subdivision 1 involving sales by the same person in two or more counties within a 90-day period, the person may be prosecuted for all of the sales in any county in which one of the sales occurred.

Sec. 2. Minnesota Statutes 1994, section 152.022, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 25 years or to payment of a fine of not more than $500,000, or both.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be committed to the commissioner of corrections for not less than three years nor more than 40 years ~~or~~ and, in addition, may be sentenced to payment of a fine of not more than $500,000~~, or both~~.

(c) In a prosecution under subdivision 1 involving sales by the same person in two or more counties within a 90-day period, the person may be prosecuted for all of the sales in any county in which one of the sales occurred.

Sec. 3. Minnesota Statutes 1994, section 152.023, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than $250,000, or both.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be committed to the commissioner of corrections for not less than two years nor more than 30 years ~~or~~ and, in addition, may be sentenced to payment of a fine of not more than $250,000~~, or both~~.

Sec. 4. Minnesota Statutes 1994, section 152.024, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $100,000, or both.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be committed to the commissioner of corrections or to a local correctional authority for not less than one year nor more than 30 years ~~or~~ and, in addition, may be sentenced to payment of a fine of not more than $100,000~~, or both~~.

Sec. 5. Minnesota Statutes 1994, section 152.025, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under

subdivision 1 or 2 shall be committed to the commissioner of corrections or to a local correctional authority for not less than six months nor more than ten years ~~or~~ and, in addition, may be sentenced to payment of a fine of not more than $20,000~~, or both~~.

Sec. 6. [299A.61] [CRIMINAL ALERT NETWORK.]

The commissioner of public safety, in cooperation with the commissioner of administration, shall develop and maintain an integrated criminal alert network to facilitate the communication of crime prevention information by electronic means among state agencies, law enforcement officials, and the private sector. The network shall disseminate data regarding the commission of crimes, including information on missing and endangered children, and attempt to reduce theft and other crime by the use of electronic transmission of information.

Sec. 7. Minnesota Statutes 1994, section 343.235, is amended to read:

343.235 [DISPOSITION OF SEIZED ANIMALS.]

Subdivision 1. [GENERAL RULE.] An animal taken into custody under section 343.22 or 343.29 may be humanely disposed of at the discretion of the jurisdiction having custody of the animal ~~seven~~ ten days after the animal is taken into custody, provided that the procedures in subdivision 3 are followed. An animal raised for food or fiber products may not be seized or disposed of without prior examination by a licensed veterinarian pursuant to a warrant issued by a judge.

Subd. 2. [SECURITY.] A person claiming an interest in an animal in custody under subdivision 1 may prevent disposition of the animal by posting ~~a bond or~~ security in an amount sufficient to provide for the animal's actual costs of care and keeping ~~for at least 30 days, inclusive of the date on which the animal was taken into custody. Even if a bond or security is posted, the authority having custody of the animal may humanely dispose of the animal at the end of the time for which expenses of care and keeping are covered by the bond or security, unless there is a court order prohibiting the disposition. The order must provide for a bond or other security in the amount necessary to protect the authority having custody of the animal from any cost of the care, keeping, or disposal of the animal.~~ The security must be posted within ten days of the seizure inclusive of the date of the seizure.

Subd. 3. [NOTICE; RIGHT TO HEARING.] (a) The authority taking custody of an animal under section 343.22 or 343.29 shall give notice of this section by delivering or mailing it to a person claiming an interest in the animal or by posting a copy of it at the place where the animal is taken into custody or by delivering it to a person residing on the property, and telephoning, if possible. The notice must include:

(1) a description of the animal seized; the authority and purpose for the seizure; the time, place, and circumstances under which the animal was seized; and the location, address, telephone number, and contact person where the animal is kept;

(2) a statement that a person claiming an interest in the animal may post security to prevent disposition of the animal and may request a hearing concerning the seizure or impoundment and that failure to do so within ten days of the date of the notice will result in disposition of the animal; and

(3) a statement that all actual costs of the care, keeping, and disposal of the animal are the responsibility of the person claiming an interest in the animal, except to the extent that a court or hearing officer finds that the seizure or impoundment was not substantially justified by law.

The notice must also include a form that can be used by a person claiming an interest in the animal for requesting a hearing under this subdivision.

(b) Upon request of a person claiming an interest in the animal, which request must be made within ten days of the date of seizure, a hearing must be held within five business days of the request, to determine the validity of the seizure and impoundment. If the seizure was done pursuant to a warrant under section 343.22, the hearing must be conducted by the judge who issued the warrant. If the seizure was done under section 343.29, the municipality taking custody of the animal or, in the case of a humane society, the municipality from which the animal was

seized, may either (1) authorize a licensed veterinarian with no financial interest in the matter or professional association with either party or (2) use the services of a hearing officer to conduct the hearing. A person claiming an interest in the animal who is aggrieved by a decision of a hearing officer under this subdivision may seek a court order governing the seizure or impoundment within five days of notice of the order.

(c) The judge or hearing officer may authorize the return of the animal, if the judge or hearing officer finds that:

(1) the animal is physically fit; and

(2) the person claiming an interest in the animal can and will provide the care required by law for the animal.

(d) The person claiming an interest in the animal is liable for all actual costs of care, keeping, and disposal of the animal, except to the extent that a court or hearing officer finds that the seizure or impoundment was not substantially justified by law. The costs must be paid in full or a mutually satisfactory arrangement for payment must be made between the municipality and the person claiming an interest in the animal before return of the animal to the person.

Sec. 8. Minnesota Statutes 1994, section 343.29, subdivision 1, is amended to read:

Subdivision 1. [DELIVERY TO SHELTER.] Any peace officer, animal control officer, or agent of the federation or county or district societies for the prevention of cruelty, may remove, shelter, and care for any animal which is not properly sheltered from cold, hot, or inclement weather or any animal not properly fed and watered, or provided with suitable food and drink in circumstances that threaten the life of the animal. When necessary, a peace officer, animal control officer, or agent may deliver the animal to another person to be sheltered and cared for, and furnished with suitable food and drink. In all cases, the owner, if known, shall be immediately notified as provided in section 343.235, subdivision 3, and the person having possession of the animal, shall have a lien thereon for its actual costs of care and keeping and the expenses of the notice. If the owner or custodian is unknown and cannot by reasonable effort be ascertained, or does not, within ~~seven~~ ten days after notice, redeem the animal by paying the expenses authorized by this subdivision, the animal may be disposed of as provided in section 343.235.

Sec. 9. Minnesota Statutes 1994, section 401.02, subdivision 4, is amended to read:

Subd. 4. [DETAINING PERSON ON CONDITIONAL RELEASE OR PROBATION.] (a) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for peace officers and probation officers serving the district and juvenile courts of participating counties ~~participating in the subsidy program established by this chapter may, without order or warrant~~, when it appears necessary to prevent escape or enforce discipline, to take and detain a probationer, or any person on conditional release and bring that person before the court or the commissioner of corrections or a designee, whichever is appropriate, for disposition. No probationer or other person on conditional release shall be detained more than 72 hours, exclusive of legal holidays, Saturdays and Sundays, pursuant to this subdivision without being provided with the opportunity for a hearing before the court or the commissioner of corrections or a designee.

(b) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for probation officers serving the district and juvenile courts of participating counties to release within 72 hours, exclusive of legal holidays, Saturdays, and Sundays, without appearance before the court or the commissioner of corrections or a designee, any person detained pursuant to paragraph (a).

(c) When providing supervision and other correctional services to persons conditionally released pursuant to sections 241.26, 242.19, 243.05, 243.16, 244.05, and 244.065, including intercounty transfer of persons on conditional release, and the conduct of presentence investigations, participating counties shall comply with the policies and procedures relating thereto as prescribed by the commissioner of corrections.

~~(b)~~ (d) The written order of the chief executive officer or designee of a community corrections

agency established under this chapter is sufficient authority for any peace officer or county probation officer to take and place in actual custody any person under sentence or on probation who:

(1) fails to report to serve a sentence at a local correctional facility, as defined in section 241.021, subdivision 1;

(2) fails to return from furlough or authorized temporary release from a local correctional facility;

(3) escapes from a local correctional facility; or

(4) absconds from court-ordered home detention.

~~(e)~~ (e) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for any peace officer or county probation officer to take and place in actual custody any person on a court authorized pretrial release who absconds from pretrial release or fails to abide by the conditions of pretrial release.

Sec. 10. Minnesota Statutes 1994, section 609.10, is amended to read:

609.10 [SENTENCES AVAILABLE.]

Upon conviction of a felony and compliance with the other provisions of this chapter the court, if it imposes sentence, may sentence the defendant to the extent authorized by law as follows:

(1) to life imprisonment; or

(2) to imprisonment for a fixed term of years set by the court; or

(3) to both imprisonment for a fixed term of years and payment of a fine; or

(4) to payment of a fine without imprisonment or to imprisonment for a fixed term of years if the fine is not paid; or

(5) to payment of court-ordered restitution in addition to either imprisonment or payment of a fine, or both; or

(6) to payment of a local correctional fee as authorized under section 609.102 in addition to any other sentence imposed by the court.

As used in this section, "restitution" includes:

(i) payment of compensation to the victim or the victim's family; and

(ii) if the victim is deceased or already has been fully compensated, payment of money to a victim assistance program or other program directed by the court.

Sec. 11. Minnesota Statutes 1994, section 609.125, is amended to read:

609.125 [SENTENCE FOR MISDEMEANOR OR GROSS MISDEMEANOR.]

Upon conviction of a misdemeanor or gross misdemeanor the court, if sentence is imposed, may, to the extent authorized by law, sentence the defendant:

(1) to imprisonment for a definite term; or

(2) to payment of a fine, or to imprisonment for a specified term if the fine is not paid; or

(3) to both imprisonment for a definite term and payment of a fine; or

(4) to payment of court-ordered restitution in addition to either imprisonment or payment of a fine, or both; or

(5) to payment of a local correctional fee as authorized under section 609.102 in addition to any other sentence imposed by the court.

As used in this section, "restitution" includes:

(i) payment of compensation to the victim or the victim's family; and

(ii) if the victim is deceased or already has been fully compensated, payment of money to a victim assistance program or other program directed by the court.

Sec. 12. Minnesota Statutes 1994, section 609.185, is amended to read:

609.185 [MURDER IN THE FIRST DEGREE.]

Whoever does any of the following is guilty of murder in the first degree and shall be sentenced to imprisonment for life:

(1) causes the death of a human being with premeditation and with intent to effect the death of the person or of another;

(2) causes the death of a human being while committing or attempting to commit criminal sexual conduct in the first or second degree with force or violence, either upon or affecting the person or another;

(3) causes the death of a human being with intent to effect the death of the person or another, while committing or attempting to commit burglary, aggravated robbery, kidnapping, arson in the first or second degree, tampering with a witness in the first degree, escape from custody, or any felony violation of chapter 152 involving the unlawful sale of a controlled substance;

(4) causes the death of a peace officer or a guard employed at a Minnesota state or local correctional facility, with intent to effect the death of that person or another, while the peace officer or guard is engaged in the performance of official duties;

(5) causes the death of a minor ~~under circumstances other than those described in clause (1) or (2)~~ while committing child abuse, when the perpetrator has engaged in a past pattern of child abuse upon the child and the death occurs under circumstances manifesting an extreme indifference to human life; or

(6) causes the death of a human being ~~under circumstances other than those described in clause (1), (2), or (5)~~ while committing domestic abuse, when the perpetrator has engaged in a past pattern of domestic abuse upon the victim and the death occurs under circumstances manifesting an extreme indifference to human life.

For purposes of clause (5), "child abuse" means an act committed against a minor victim that constitutes a violation of the following laws of this state or any similar laws of the United States or any other state: section 609.221; 609.222; 609.223; 609.224; 609.342; 609.343; 609.344; 609.345; 609.377; 609.378; or 609.713.

For purposes of clause (6), "domestic abuse" means an act that:

(1) constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.342, 609.343, 609.344, 609.345, 609.713, or any similar laws of the United States or any other state; and

(2) is committed against the victim who is a family or household member as defined in section 518B.01, subdivision 2, paragraph (b).

Sec. 13. Minnesota Statutes 1994, section 609.20, is amended to read:

609.20 [MANSLAUGHTER IN THE FIRST DEGREE.]

Whoever does any of the following is guilty of manslaughter in the first degree and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $30,000, or both:

(1) intentionally causes the death of another person in the heat of passion provoked by such words or acts of another as would provoke a person of ordinary self-control under like circumstances, provided that the crying of a child does not constitute provocation;

(2) causes the death of another in committing or attempting to commit a misdemeanor or gross misdemeanor offense with such force and violence that death of or great bodily harm to any person was reasonably foreseeable, and murder in the first or second degree was not committed thereby;

(3) intentionally causes the death of another person because the actor is coerced by threats made by someone other than the actor's coconspirator and which cause the actor reasonably to believe that the act performed by the actor is the only means of preventing imminent death to the actor or another; ~~or~~

(4) proximately causes the death of another, without intent to cause death by, directly or indirectly, unlawfully selling, giving away, bartering, delivering, exchanging, distributing, or administering a controlled substance classified in schedule III, IV, or V; or

(5) causes the death of another in committing or attempting to commit a violation of section 609.377 (malicious punishment of a child), and murder in the first, second, or third degree is not committed thereby.

As used in this section, a "person of ordinary self-control" does not include a person under the influence of intoxicants or a controlled substance.

Sec. 14. Minnesota Statutes 1994, section 609.205, is amended to read:

609.205 [MANSLAUGHTER IN THE SECOND DEGREE.]

A person who causes the death of another by any of the following means is guilty of manslaughter in the second degree and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both:

(1) by the person's culpable negligence whereby the person creates an unreasonable risk, and consciously takes chances of causing death or great bodily harm to another; or

(2) by shooting another with a firearm or other dangerous weapon as a result of negligently believing the other to be a deer or other animal; or

(3) by setting a spring gun, pit fall, deadfall, snare, or other like dangerous weapon or device; or

(4) by negligently or intentionally permitting any animal, known by the person to have vicious propensities or to have caused great or substantial bodily harm in the past, to run uncontrolled off the owner's premises, or negligently failing to keep it properly confined; or

(5) by committing or attempting to commit a violation of section 609.378 (neglect or endangerment of a child), and murder in the first, second, or third degree is not committed thereby.

If proven by a preponderance of the evidence, it shall be an affirmative defense to criminal liability under clause (4) that the victim provoked the animal to cause the victim's death.

Sec. 15. Minnesota Statutes 1994, section 609.323, subdivision 2, is amended to read:

Subd. 2. Whoever, ~~not related by blood, adoption, or marriage to the prostitute,~~ while acting other than as a prostitute or patron, intentionally receives profit, knowing or having reason to know that it is derived from the prostitution, or the promotion of the prostitution, of an individual in circumstances described in section 609.322, subdivision 2, clause (3), may be sentenced to not more than three years imprisonment or to payment of a fine of not more than $5,000, or both.

Sec. 16. Minnesota Statutes 1994, section 609.323, subdivision 3, is amended to read:

Subd. 3. Whoever, ~~not related by blood, adoption, or marriage to the prostitute,~~ while acting other than as a prostitute or patron, intentionally receives profit, knowing or having reason to know that it is derived from the prostitution, or the promotion of the prostitution of an individual 18 years of age or above may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both.

Sec. 17. Minnesota Statutes 1994, section 609.323, is amended by adding a subdivision to read:

Subd. 3a. [EXCEPTIONS.] Subdivisions 1a, 2, and 3 do not apply to a minor who is dependent on an individual acting as a prostitute and who may have benefited from or been supported by the individual's earnings derived from prostitution.

Sec. 18. Minnesota Statutes 1994, section 609.498, subdivision 1, is amended to read:

Subdivision 1. [TAMPERING WITH A WITNESS IN THE FIRST DEGREE.] Whoever does any of the following is guilty of tampering with a witness in the first degree and may be sentenced as provided in subdivision 1a:

(a) intentionally prevents or dissuades or intentionally attempts to prevent or dissuade by means of force or threats of injury to any person or property, a person who is or may become a witness from attending or testifying at any trial, proceeding, or inquiry authorized by law;

(b) by means of force or threats of injury to any person or property, intentionally coerces or attempts to coerce a person who is or may become a witness to testify falsely at any trial, proceeding, or inquiry authorized by law;

(c) intentionally causes injury or threatens to cause injury to any person or property in retaliation against a person who was summoned as a witness at any trial, proceeding, or inquiry authorized by law, within a year following that trial, proceeding, or inquiry or within a year following the actor's release from incarceration, whichever is later;

(d) intentionally prevents or dissuades or attempts to prevent or dissuade, by means of force or threats of injury to any person or property, a person from providing information to law enforcement authorities concerning a crime;

(e) by means of force or threats of injury to any person or property, intentionally coerces or attempts to coerce a person to provide false information concerning a crime to law enforcement authorities; or

(f) intentionally causes injury or threatens to cause injury to any person or property in retaliation against a person who has provided information to law enforcement authorities concerning a crime within a year of that person providing the information or within a year of the actor's release from incarceration, whichever is later.

Sec. 19. [609.5051] [CRIMINAL ALERT NETWORK; DISSEMINATION OF FALSE OR MISLEADING INFORMATION PROHIBITED.]

Whoever uses the criminal alert network under section 299A.61 to disseminate information regarding the commission of a crime knowing that it is false or misleading, is guilty of a misdemeanor.

Sec. 20. Minnesota Statutes 1994, section 609.52, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section:

(1) "Property" means all forms of tangible property, whether real or personal, without limitation including documents of value, electricity, gas, water, corpses, domestic animals, dogs, pets, fowl, and heat supplied by pipe or conduit by municipalities or public utility companies and articles, as defined in clause (4), representing trade secrets, which articles shall be deemed for the purposes of Extra Session Laws 1967, chapter 15 to include any trade secret represented by the article.

(2) "Movable property" is property whose physical location can be changed, including without limitation things growing on, affixed to, or found in land.

(3) "Value" means the retail market value at the time of the theft, or if the retail market value cannot be ascertained, the cost of replacement of the property within a reasonable time after the theft, or in the case of a theft or the making of a copy of an article representing a trade secret, where the retail market value or replacement cost cannot be ascertained, any reasonable value representing the damage to the owner which the owner has suffered by reason of losing an advantage over those who do not know of or use the trade secret. For a check, draft, or other order for the payment of money, "value" means the amount of money promised or ordered to be paid

under the terms of the check, draft, or other order. For a theft committed within the meaning of subdivision 2, clause (5), (a) and (b), if the property has been restored to the owner, "value" means the value of the use of the property or the damage which it sustained, whichever is greater, while the owner was deprived of its possession, but not exceeding the value otherwise provided herein.

(4) "Article" means any object, material, device or substance, including any writing, record, recording, drawing, sample specimen, prototype, model, photograph, microorganism, blueprint or map, or any copy of any of the foregoing.

(5) "Representing" means describing, depicting, containing, constituting, reflecting or recording.

(6) "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

(i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and

(ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(7) "Copy" means any facsimile, replica, photograph or other reproduction of an article, and any note, drawing, or sketch made of or from an article while in the presence of the article.

(8) "Property of another" includes property in which the actor is coowner or has a lien, pledge, bailment, or lease or other subordinate interest, and property of a partnership of which the actor is a member, unless the actor and the victim are husband and wife. It does not include property in which the actor asserts in good faith a claim as a collection fee or commission out of property or funds recovered, or by virtue of a lien, setoff, or counterclaim.

(9) "Services" include but are not limited to labor, professional services, transportation services, electronic computer services, the supplying of hotel accommodations, restaurant services, entertainment services, advertising services, telecommunication services, and the supplying of equipment for use.

(10) "Motor vehicle" means a self-propelled device for moving persons or property or pulling implements from one place to another, whether the device is operated on land, rails, water, or in the air.

Sec. 21. Minnesota Statutes 1994, section 609.5312, is amended by adding a subdivision to read:

Subd. 4. [VEHICLE FORFEITURE FOR FLEEING A PEACE OFFICER.] (a) A motor vehicle is subject to forfeiture under this subdivision if it was used to commit a violation of section 609.487 and endanger life or property. A motor vehicle is subject to forfeiture under this subdivision only if the offense is established by proof of a criminal conviction for the offense. Except as otherwise provided in this subdivision, a forfeiture under this subdivision is governed by sections 609.531, 609.5312, 609.5313, and 609.5315, subdivision 6.

(b) When a motor vehicle subject to forfeiture under this subdivision is seized in advance of a judicial forfeiture order, a hearing before a judge or referee must be held within 96 hours of the seizure. Notice of the hearing must be given to the registered owner within 48 hours of the seizure. The prosecuting authority shall certify to the court, at or in advance of the hearing, that it has filed or intends to file charges against the alleged violator for violating section 609.487. After conducting the hearing, the court shall order that the motor vehicle be returned to the owner if:

(1) the prosecutor has failed to make the certification required by this paragraph;

(2) the owner of the motor vehicle has demonstrated to the court's satisfaction that the owner has a defense to the forfeiture, including but not limited to the defenses contained in subdivision 2; or

(3) the court determines that seizure of the vehicle creates or would create an undue hardship for members of the owner's family.

(c) If the defendant is acquitted or the charges against the defendant are dismissed, neither the owner nor the defendant is responsible for paying any costs associated with the seizure or storage of the vehicle.

(d) A vehicle leased or rented under section 168.27, subdivision 4, for a period of 180 days or less is not subject to forfeiture under this subdivision.

Sec. 22. Minnesota Statutes 1994, section 609.582, subdivision 1, is amended to read:

Subdivision 1. [BURGLARY IN THE FIRST DEGREE.] Whoever enters a building without consent and with intent to commit a crime, or enters a building without consent and commits a crime while in the building, commits burglary in the first degree and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than $35,000, or both, if:

(a) the building is a dwelling and another person, not an accomplice, is present in it when the burglar enters or at any time while the burglar is in the building;

(b) the burglar possesses, when entering or at any time while in the building, any of the following: a dangerous weapon, any article used or fashioned in a manner to lead the victim to reasonably believe it to be a dangerous weapon, or an explosive; or

(c) the burglar assaults a person within the building or on the building's appurtenant property.

Sec. 23. [609.669] [CIVIL DISORDER.]

Subdivision 1. [PROHIBITED ACTS.] (a) A person is guilty of a gross misdemeanor who:

(1) teaches or demonstrates to any other person how to use or make any firearm, or explosive or incendiary device capable of causing injury or death, knowing or having reason to know that it will be unlawfully employed for use in, or in furtherance of, a civil disorder; or

(2) assembles with one or more persons for the purpose of training with, practicing with, or being instructed in the use of any firearm, or explosive or incendiary device capable of causing injury or death, with the intent that it be unlawfully employed for use in, or in furtherance of, a civil disorder.

(b) This section does not apply to law enforcement officers engaged in the lawful performance of the officer's official duties.

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them:

(1) "civil disorder" means any public disturbance involving acts of violence by assemblages of three or more persons, which causes an immediate danger of or results in damage or injury to the property or person of any other individual;

(2) "firearm" means any weapon which is designed to or may readily be converted to expel any projectile by the action of an explosive; or the frame or receiver of any such weapon;

(3) "explosive or incendiary device" has the meaning given in section 609.668, subdivision 1; and

(4) "law enforcement officer" means any officer or employee of the United States, the state, or any political subdivision of the state, and specifically includes members of the National Guard and members of the armed forces of the United States.

Sec. 24. Minnesota Statutes 1994, section 609.713, subdivision 1, is amended to read:

Subdivision 1. Whoever threatens, directly or indirectly, to commit any crime of violence with purpose to terrorize another or to cause evacuation of a building, place of assembly, vehicle or facility of public transportation or otherwise to cause serious public inconvenience, or in a reckless disregard of the risk of causing such terror or inconvenience may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both. As used in

this subdivision, "crime of violence" has the meaning given "violent crime" in section 609.152, subdivision 1, paragraph (d).

Sec. 25. Minnesota Statutes 1994, section 609.713, subdivision 2, is amended to read:

Subd. 2. Whoever communicates to another with purpose to terrorize another or in reckless disregard of the risk of causing such terror, that explosives or an explosive device or any incendiary device is present at a named place or location, whether or not the same is in fact present, may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than $3,000, or both.

Sec. 26. Minnesota Statutes 1994, section 617.80, subdivision 2, is amended to read:

Subd. 2. [BUILDING.] "Building" means a structure suitable for human shelter, a commercial structure that is maintained for business activities that involve human occupation, ~~or~~ any portion of ~~such structures~~ the structure, or the land surrounding the structure. If the building is a multiunit dwelling, a hotel or motel, or a commercial or office building, the term "building," for purposes of sections 617.80 to 617.87, means only the portion of the building within or outside the structure in which a nuisance is maintained or permitted, such as a dwelling unit, room, suite of rooms, office, common area, storage area, garage, or parking area.

Sec. 27. Minnesota Statutes 1994, section 617.80, subdivision 4, is amended to read:

Subd. 4. [PROSTITUTION.] "Prostitution" or "prostitution-related ~~offenses~~ activity" means ~~the~~ conduct ~~defined in~~ that would violate sections 609.321 to 609.324.

Sec. 28. Minnesota Statutes 1994, section 617.80, subdivision 5, is amended to read:

Subd. 5. [GAMBLING.] "Gambling" or "gambling-related ~~offenses~~ activity" means ~~the~~ conduct ~~described in~~ that would violate sections 609.75 to 609.762.

Sec. 29. Minnesota Statutes 1994, section 617.80, subdivision 8, is amended to read:

Subd. 8. [INTERESTED PARTY.] "Interested party," for purposes of sections 617.80 to 617.87, means any known lessee or tenant of a building or affected portion of a building ~~and~~; any known agent of an owner, lessee, or tenant; or any other person who maintains or permits a nuisance and is known to the city attorney, county attorney, or attorney general.

Sec. 30. Minnesota Statutes 1994, section 617.80, is amended by adding a subdivision to read:

Subd. 9. [PROSECUTING ATTORNEY.] "Prosecuting attorney" means the attorney general, county attorney, city attorney, or attorney serving the jurisdiction where the nuisance is located.

Sec. 31. Minnesota Statutes 1994, section 617.81, subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING A NUISANCE.] (a) For purposes of sections 617.80 to 617.87, a public nuisance exists upon proof of ~~three or more misdemeanor convictions or two or more convictions, of which at least one is a gross misdemeanor or felony, within the previous two years for~~ two or more separate behavioral incidents of one or more of the following, committed within the previous 12 months within the building, or if the building contains more than one rental unit: (1) within a single rental unit; or (2) within two or more rental units leased or controlled by the same person:

(1) ~~acts of~~ prostitution or prostitution-related ~~offenses~~ activity committed within the building;

(2) ~~acts of~~ gambling or gambling-related ~~offenses~~ activity committed within the building;

(3) keeping or permitting a disorderly house within the building;

(4) unlawful sale ~~or~~, possession, storage, delivery, giving, manufacture, cultivation, or use of controlled substances committed within the building;

(5) unlicensed sales of alcoholic beverages committed within the building in violation of section 340A.401;

(6) unlawful sales or gifts of alcoholic beverages by an unlicensed person committed within the building in violation of section 340A.503, subdivision 2, clause (1); or

(7) unlawful use or possession of a firearm in violation of section 609.66, subdivision 1a, 609.67, or 624.713, committed within the building.

(b) ~~A second or subsequent conviction under paragraph (a) may be used to prove the existence of a nuisance if the conduct on which the second or subsequent conviction is based occurred within two years following the first conviction, regardless of the date of the conviction for the second or subsequent offense.~~ Proof of a nuisance exists if each of the elements of the conduct constituting the nuisance is established by clear and convincing evidence.

Sec. 32. Minnesota Statutes 1994, section 617.81, is amended by adding a subdivision to read:

Subd. 4. [NOTICE.] (a) If a prosecuting attorney has reason to believe that a nuisance is maintained or permitted in the jurisdiction the prosecuting attorney serves, and intends to seek abatement of the nuisance, the prosecuting attorney shall provide the written notice described in paragraph (b), by personal service or certified mail, return receipt requested, to the owner and all interested parties known to the prosecuting attorney.

(b) The written notice must:

(1) state that a nuisance as defined in subdivision 2 is maintained or permitted in the building and must specify the kind or kinds of nuisance being maintained or permitted;

(2) summarize the evidence that a nuisance is maintained or permitted in the building, including the dates on which nuisance-related activities are alleged to have occurred;

(3) inform the recipient that failure to abate the conduct constituting the nuisance or to otherwise resolve the matter with the prosecuting attorney within 30 days of service of the notice may result in the filing of a complaint for relief in district court that could, among other remedies, result in enjoining the use of the building for any purpose for one year or, in the case of a tenant, could result in cancellation of the lease; and

(4) inform the owner of the options available under section 617.85.

Sec. 33. Minnesota Statutes 1994, section 617.82, is amended to read:

617.82 [TEMPORARY ORDER.]

Whenever a ~~city attorney, county attorney, or the attorney general~~ prosecuting attorney has cause to believe that a nuisance described in section 617.81, subdivision 2, exists within the jurisdiction the attorney serves, ~~that~~ the prosecuting attorney may by verified petition seek a temporary injunction in district court in the county in which the alleged public nuisance exists, provided that at least 30 days have expired since service of the notice required under section 617.81, subdivision 4. No temporary injunction may be issued without a prior show cause notice of hearing to the respondents named in the petition and an opportunity for the respondents to be heard. Upon proof of a nuisance described in section 617.81, subdivision 2, the court shall issue a temporary injunction. Any temporary injunction issued must describe the conduct to be enjoined.

Sec. 34. Minnesota Statutes 1994, section 617.85, is amended to read:

617.85 [NUISANCE; MOTION TO CANCEL LEASE.]

Where notice is provided under section 617.81, subdivision 4, that an abatement of a nuisance is sought and the circumstances that are the basis for the requested abatement involved the acts of a commercial or residential tenant or lessee of part or all of a building, the owner of the building that is subject to the abatement proceeding may file before the court that has jurisdiction over the abatement proceeding a motion to cancel the lease or otherwise secure restitution of the premises from the tenant or lessee who has maintained or conducted the nuisance. The owner may assign to the prosecuting attorney the right to file this motion. In addition to the grounds provided in chapter 566, the maintaining or conducting of a nuisance as defined in section 617.81, subdivision 2, by a tenant or lessee, is an additional ground authorized by law for seeking the cancellation of a lease

or the restitution of the premises. It is no defense to a motion under this section by the owner or the prosecuting attorney that the lease or other agreement controlling the tenancy or leasehold does not provide for eviction or cancellation of the lease upon the ground provided in this section.

Upon a finding by the court that the tenant or lessee has maintained or conducted a nuisance in any portion of the building ~~under the control of the tenant or lessee~~, the court shall order cancellation of the lease or tenancy and grant restitution of the premises to the owner. The court must not order abatement of the premises if the court:

(a) ~~upon the motion of the building owner~~ cancels a lease or tenancy and grants restitution of that portion of the premises to the owner; and

(b) further finds that the acts constituting the nuisance as defined in section 617.81, subdivision 2, were committed ~~in a portion of the building under the control of~~ by the tenant or lessee whose lease or tenancy has been canceled pursuant to this section and the tenant or lessee was not committing the acts in conjunction with or under the control of the owner.

Sec. 35. Minnesota Statutes 1994, section 624.731, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section:

(a) "authorized tear gas compound" means a lachrymator or any substance composed of a mixture of a lachrymator including chloroacetophenone, alpha-chloroacetophenone; phenylchloromethylketone, orthochlorobenzalmalononitrile or oleoresin capsicum, commonly known as tear gas; and

(b) "electronic incapacitation device" means a portable device which is designed or intended by the manufacturer to be used, offensively or defensively, to temporarily immobilize or incapacitate persons by means of electric pulse or current, including devices operating by means of carbon dioxide propellant. "Electronic incapacitation device" does not include cattle prods, electric fences, or other electric devices ~~which are~~ when used in agricultural, animal husbandry, or food production activities.

Sec. 36. Minnesota Statutes 1994, section 624.731, subdivision 8, is amended to read:

Subd. 8. [PENALTIES.] (a) The following violations of this section shall be considered a felony:

(1) The possession or use of tear gas, a tear gas compound, an authorized tear gas compound, or an electronic incapacitation device by a person specified in subdivision 3, paragraph (b).

(2) Knowingly selling or furnishing of tear gas, a tear gas compound, an authorized tear gas compound, or an electronic incapacitation device to a person specified in subdivision 3, paragraph (b).

(3) The use of an electronic incapacitation device as prohibited in subdivision 4, paragraph (a).

(4) The use of tear gas or a tear gas compound as prohibited in subdivision 4, paragraph (d).

(b) The following violation of this section shall be considered a gross misdemeanor: (1) The prohibited use of tear gas, a tear gas compound, or an authorized tear gas compound as specified in subdivision 4, paragraph (a); (2) the use of an electronic incapacitation device except as allowed by subdivision 2 or 6.

(c) The following violations of this section shall be considered a misdemeanor:

(1) The possession or use of tear gas, a tear gas compound, an authorized tear gas compound, or an electronic incapacitation device which fails to meet the requirements of subdivision 2 by any person except as allowed by subdivision 6.

(2) The possession or use of an authorized tear gas compound or an electronic incapacitation device by a person specified in subdivision 3, paragraph (a) or (c).

(3) The use of tear gas, a tear gas compound, or an authorized tear gas compound~~, or an electronic incapacitation device~~ except as allowed by subdivision 2 or 6.

(4) Knowingly selling or furnishing an authorized tear gas compound or an electronic incapacitation device to a person specified in subdivision 3, paragraph (a) or (c).

(5) Selling or furnishing of tear gas or a tear gas compound other than an authorized tear gas compound to any person except as allowed by subdivision 6.

(6) Selling or furnishing of an authorized tear gas compound or an electronic incapacitation device on premises where intoxicating liquor is sold on an on-sale or off-sale basis or where 3.2 percent malt liquor is sold on an on-sale basis.

(7) Selling an authorized tear gas compound or an electronic incapacitation device in violation of local licensing requirements.

Sec. 37. Minnesota Statutes 1994, section 626.13, is amended to read:

626.13 [SERVICE; PERSONS MAKING.]

A search warrant may in all cases be served anywhere within the issuing judge's county by any of the officers mentioned in its directions, but by no other person, except in aid of the officer on the officer's requiring it, the officer being present and acting in its execution. If the warrant is to be served by an agent of the bureau of criminal apprehension, an agent of the division of gambling enforcement, a state patrol trooper, or a conservation officer, the agent, state patrol trooper, or conservation officer shall notify the chief of police of an organized full-time police department of the municipality or, if there is no such local chief of police, the sheriff or a deputy sheriff of the county in which service is to be made prior to execution.

Sec. 38. Minnesota Statutes 1994, section 626.53, is amended to read:

626.53 [REPORT BY TELEPHONE AND LETTER.]

Subdivision 1. [REPORTS TO SHERIFFS AND POLICE CHIEFS.] The report required by section 626.52, subdivision 2, shall be made forthwith by telephone or in person, and shall be promptly supplemented by letter, enclosed in a securely sealed, postpaid envelope, addressed to the sheriff of the county in which the wound is examined, dressed, or otherwise treated; except that, if the place in which the patient is treated for such injury or the patient's wound dressed or bandaged be in a city of the first, second, or third class, such report shall be made and transmitted as herein provided to the chief of police of such city instead of the sheriff. Except as otherwise provided in subdivision 2, the office of any such sheriff and of any such chief of police shall keep the report as a confidential communication and shall not disclose the name of the person making the same, and the party making the report shall not by reason thereof be subpoenaed, examined, or forced to testify in court as a consequence of having made such a report.

Subd. 2. [REPORTS TO DEPARTMENT OF HEALTH.] Upon receiving a report of a wound caused by or arising from the discharge of a firearm, the sheriff or chief of police shall forward the information contained in the report to the commissioner of health. The commissioner of health shall keep the report as a confidential communication, as provided under subdivision 1. The commissioner shall maintain a statewide, computerized record system containing summary data, as defined in section 13.02, on information received under this subdivision.

Sec. 39. Minnesota Statutes 1994, section 629.715, subdivision 1, is amended to read:

Subdivision 1. [JUDICIAL REVIEW; RELEASE.] (a) When a person is arrested for a crime against the person, the judge before whom the arrested person is taken shall review the facts surrounding the arrest and detention. If the person was arrested or detained for committing a crime of violence, as defined in section 629.725, the prosecutor or other appropriate person shall present relevant information involving the victim or the victim's family's account of the alleged crime to the judge to be considered in determining the arrested person's release. The arrested person must be ordered released pending trial or hearing on the person's personal recognizance or on an order to appear or upon the execution of an unsecured bond in a specified amount unless the judge determines that release (1) will be inimical to public safety, (2) will create a threat of bodily harm to the arrested person, the victim of the alleged crime, or another, or (3) will not reasonably assure the appearance of the arrested person at subsequent proceedings.

(b) If the judge determines release under paragraph (a) is not advisable, the judge may impose any conditions of release that will reasonably assure the appearance of the person for subsequent proceedings, or will protect the victim of the alleged crime, or may fix the amount of money bail without other conditions upon which the arrested person may obtain release.

Sec. 40. [629.725] [NOTICE TO CRIME VICTIM REGARDING BAIL HEARING OF ARRESTED OR DETAINED PERSON.]

When a person arrested or a juvenile detained for a crime of violence or an attempted crime of violence is scheduled to be reviewed under section 629.715 for release from pretrial detention, the court shall make a reasonable and good faith effort to notify the victim of the alleged crime. If the victim is incapacitated or deceased, notice must be given to the victim's family. If the victim is a minor, notice must be given to the victim's parent or guardian. The notification must include:

(1) the date and approximate time of the review;

(2) the location where the review will occur;

(3) the name and telephone number of a person that can be contacted for additional information; and

(4) a statement that the victim and the victim's family may attend the review.

As used in this section, "crime of violence" has the meaning given it in section 624.712, subdivision 5, and also includes gross misdemeanor violations of section 609.224, and nonfelony violations of sections 518B.01, 609.2231, 609.3451, 609.748, and 609.749.

Sec. 41. [629.735] [NOTICE TO LOCAL LAW ENFORCEMENT AGENCY REGARDING RELEASE OF ARRESTED OR DETAINED PERSON.]

When a person arrested or a juvenile detained for a crime of violence or an attempted crime of violence is about to be released from pretrial detention, the agency having custody of the arrested or detained person or its designee shall make a reasonable and good faith effort before release to inform any local law enforcement agencies known to be involved in the case, if different from the agency having custody, of the following matters:

(1) the conditions of release, if any;

(2) the time of release; and

(3) the time, date, and place of the next scheduled court appearance of the arrested or detained person.

Sec. 42. [REPEALER.]

Minnesota Statutes 1994, section 617.81, subdivisions 2a and 3, are repealed.

Sec. 43. [EFFECTIVE DATES.]

Sections 1 to 6 and 9 to 42 are effective August 1, 1995, and apply to crimes committed on or after that date.

Sections 7 (343.235) and 8 (343.29) are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to crime; clarifying language relating to controlled substance and certain other crimes; clarifying the elements of murder in the first degree, witness tampering, and burglary in the first degree; providing that a motor vehicle is subject to forfeiture if it was used to flee a peace officer in violation of law; providing procedures for prosecuting attorneys to follow when filing complaints against owners whose buildings are alleged nuisances; amending the elements of manslaughter in the first degree, manslaughter in the second degree, and receiving profits from prostitution; requiring reports on wounds received from gunshots; expanding the definition of electronic incapacitation device and increasing the penalty for its unauthorized use;

authorizing sentencing courts to order the payment of restitution to victim assistance programs; providing penalties for engaging in certain acts relating to civil disorders; clarifying the definition of "theft"; clarifying the prerequisites for obtaining a search warrant; adding a fine provision to the terroristic threats crime; authorizing peace officers to detain probationers based on an order from the chief executive officer of a community corrections agency; requiring certain information to be gathered from crime victims and presented at bail hearings; requiring notification to certain victims of bail hearings; requiring notification to local law enforcement agencies of the pretrial release of certain defendants; codifying the establishment of a criminal alert network; prohibiting the dissemination of false or misleading information on the criminal alert network; clarifying procedures governing disposition of seized animals; providing penalties; amending Minnesota Statutes 1994, sections 152.021, subdivision 3; 152.022, subdivision 3; 152.023, subdivision 3; 152.024, subdivision 3; 152.025, subdivision 3; 343.235; 343.29, subdivision 1; 401.02, subdivision 4; 609.10; 609.125; 609.185; 609.20; 609.205; 609.323, subdivisions 2, 3, and by adding a subdivision; 609.498, subdivision 1; 609.52, subdivision 1; 609.5312, by adding a subdivision; 609.582, subdivision 1; 609.713, subdivisions 1 and 2; 617.80, subdivisions 2, 4, 5, 8, and by adding a subdivision; 617.81, subdivision 2, and by adding a subdivision; 617.82; 617.85; 624.731, subdivisions 1 and 8; 626.13; 626.53; and 629.715, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 299A; 609; and 629; repealing Minnesota Statutes 1994, sections 617.81, subdivisions 2a and 3."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Wesley J. "Wes" Skoglund, Thomas Pugh, Jim Rhodes

Senate Conferees: (Signed) Ellen R. Anderson, Jane B. Ranum, Warren Limmer

Ms. Anderson moved that the foregoing recommendations and Conference Committee report on H.F. No. 980 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Limmer	Murphy	Ranum
Belanger	Johnson, J.B.	Marty	Novak	Reichgott Junge
Berglin	Kelly	Merriam	Oliver	Riveness
Betzold	Knutson	Metzen	Pappas	Robertson
Chandler	Krentz	Moe, R.D.	Piper	Terwilliger
Cohen	Kroening	Mondale	Pogemiller	Wiener
Flynn	Langseth	Morse	Price	

Those who voted in the negative were:

Beckman	Frederickson	Kleis	Olson	Solon
Berg	Hanson	Kramer	Ourada	Spear
Bertram	Janezich	Laidig	Pariseau	Stevens
Chmielewski	Johnson, D.E.	Larson	Runbeck	Stumpf
Day	Johnson, D.J.	Lesewski	Sams	Vickerman
Dille	Johnston	Lessard	Samuelson	
Finn	Kiscaden	Neuville	Scheevel	

The motion prevailed. So the recommendations and Conference Committee report were adopted.

CALL OF THE SENATE

Ms. Anderson imposed a call of the Senate for the balance of the proceedings on H.F. No. 980. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 980 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 39 and nays 26, as follows:

Those who voted in the affirmative were:

Anderson	Johnson, D.E.	Laidig	Morse	Price
Belanger	Johnson, D.J.	Langseth	Murphy	Ranum
Berglin	Johnson, J.B.	Limmer	Novak	Riveness
Betzold	Kelly	Marty	Oliver	Robertson
Chandler	Kleis	Merriam	Ourada	Stumpf
Cohen	Knutson	Metzen	Pappas	Terwilliger
Flynn	Krentz	Moe, R.D.	Piper	Wiener
Hottinger	Kroening	Mondale	Pogemiller	

Those who voted in the negative were:

Berg	Frederickson	Larson	Runbeck	Stevens
Bertram	Hanson	Lesewski	Sams	Vickerman
Chmielewski	Janezich	Lessard	Samuelson	
Day	Johnston	Neuville	Scheevel	
Dille	Kiscaden	Olson	Solon	
Finn	Kramer	Pariseau	Spear	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Johnson, D.J. moved that the following members be excused for a Conference Committee on H.F. No. 1864 at 5:00 p.m.:

Messrs. Johnson, D.J.; Belanger; Hottinger; Mses. Flynn and Reichgott Junge. The motion prevailed.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 579, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 579: A bill for an act relating to commerce; regulating charitable organizations; regulating filing statement; appropriating money; amending Minnesota Statutes 1994, sections 309.501, subdivision 1; 309.52, subdivisions 2 and 7; 309.53, subdivisions 1, 2, 3, and 8; 309.531, subdivisions 1 and 4; 309.54, subdivision 1; 309.556, subdivision 1; 501B.36; 501B.37, subdivision 2, and by adding a subdivision; and 501B.38; repealing Minnesota Statutes 1994, sections 309.53, subdivision 1a.

Senate File No. 579 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 992 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 992

A bill for an act relating to health; reinstating certain advisory councils and a task force; amending Minnesota Statutes 1994, section 326.41.

May 19, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 992, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 992 be further amended as follows:

Page 2, after line 4, insert:

"Sec. 3. [PLUMBING WORK GROUP; REPORT.]

The commissioner of health shall establish a work group to study and report to the commissioner by January 1, 1996, recommendations for proposed statutory revisions to Minnesota Statutes, chapter 326, that will ensure public health protection through regulation of plumbing and water conditioning installations. Notwithstanding the provisions of Minnesota Rules, part 4715.3130, as they apply to plan review, until the date the work group is to make its recommendations the commissioner may allow plumbing construction, alteration, or extension to proceed. The work group shall consist of representatives of plumbers, water conditioners, local and state units of government, and affected statewide trades and organizations.

Sec. 4. [EMERGENCY MEDICAL SERVICES ADVISORY COUNCIL.]

The emergency medical services advisory council reinstated in section 2 expires June 30, 1996."

Page 2, line 5, delete "3" and insert "5"

Page 2, line 6, delete "Sections 1 and 2 are" and insert "This act is"

Amend the title as follows:

Page 1, line 3, after "force;" insert "requiring a report;"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Sheila M. Kiscaden, Don Betzold, Linda Berglin

House Conferees: (Signed) Becky Lourey, Loren Jennings, Barb Vickerman

Ms. Kiscaden moved that the foregoing recommendations and Conference Committee Report on S.F. No. 992 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 992 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Frederickson	Johnston	Laidig
Beckman	Chmielewski	Hanson	Kelly	Langseth
Belanger	Cohen	Hottinger	Kiscaden	Larson
Berg	Day	Janezich	Kleis	Lesewski
Berglin	Dille	Johnson, D.E.	Knutson	Lessard
Bertram	Finn	Johnson, D.J.	Kramer	Limmer
Betzold	Flynn	Johnson, J.B.	Krentz	Marty

Merriam	Novak	Pogemiller	Sams	Terwilliger
Metzen	Oliver	Price	Samuelson	Vickerman
Moe, R.D.	Olson	Ranum	Scheevel	Wiener
Mondale	Ourada	Reichgott Junge	Solon	
Morse	Pappas	Riveness	Spear	
Murphy	Pariseau	Robertson	Stevens	
Neuville	Piper	Runbeck	Stumpf	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Sams moved that S.F. No. 212 be withdrawn from the Committee on Health Care and returned to its author. The motion prevailed.

Mr. Moe, R.D. introduced--

Senate Resolution No. 77: A Senate resolution commending Lisa Venable for her years of service.

Referred to the Committee on Rules and Administration.

S.F. No. 462 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 462

A bill for an act relating to the environment; implementing the transfer of solid waste management duties of the metropolitan council to the office of environmental assistance; providing for the management of waste; providing penalties; amending Minnesota Statutes 1992, section 115A.33, as reenacted; Minnesota Statutes 1994, sections 8.31, subdivision 1; 16B.122, subdivision 3; 115.071, subdivision 1; 115A.055; 115A.07, subdivision 3; 115A.072, subdivisions 1, 3, and 4; 115A.12; 115A.14, subdivision 4; 115A.15, subdivision 9; 115A.191, subdivisions 1 and 2; 115A.32; 115A.411; 115A.42; 115A.45; 115A.46, subdivisions 1 and 5; 115A.55, by adding a subdivision; 115A.5501, subdivisions 2, 3, and 4; 115A.5502; 115A.551, subdivisions 2a, 4, 5, 6, and 7; 115A.554; 115A.557, subdivisions 3 and 4; 115A.558; 115A.63, subdivision 3; 115A.84, subdivision 3; 115A.86, subdivision 2; 115A.919, subdivision 3; 115A.921, subdivision 1; 115A.923, subdivision 1; 115A.9302, subdivisions 1 and 2; 115A.951, subdivision 4; 115A.96, subdivision 2; 115A.965, subdivision 1; 115A.9651, subdivision 3; 115A.97, subdivisions 5 and 6; 115A.981, subdivision 3; 116.07, subdivisions 4a and 4j; 116.072; 116.66, subdivisions 2 and 4; 116.92, subdivision 4; 400.16; 400.161; 473.149, subdivisions 1, 2d, 2e, 3, 4, and 6; 473.151; 473.516, subdivision 2; 473.801, subdivision 1, and by adding subdivisions; 473.8011; 473.803, subdivisions 1, 1c, 2, 2a, 3, 4, and 5; 473.804; 473.811, subdivisions 1, 4a, 5, 5c, 7, and 8; 473.813, subdivision 2; 473.823, subdivisions 3, 5, and 6; 473.843, subdivision 1; 473.844, subdivisions 1a and 4; 473.8441, subdivisions 2, 4, and 5; 473.845, subdivision 4; 473.846; and 473.848, subdivisions 2 and 4; Laws 1994, chapters 585, section 51; and 628, article 3, section 209; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; 116; 325E; and 480; repealing Minnesota Statutes 1994, sections 115A.81, subdivision 3; 115A.90, subdivision 3; 116.94; 383D.71, subdivision 2; 473.149, subdivisions 2, 2a, 2c, 2f, and 5; 473.181, subdivision 4; and 473.803, subdivisions 1b and 1e.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 462, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 462 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

POLICY

Section 1. Minnesota Statutes 1994, section 16B.122, subdivision 3, is amended to read:

Subd. 3. [PUBLIC ENTITY PURCHASING.] (a) Notwithstanding section 365.37, 375.21, 412.311, or 473.705, a public entity may purchase recycled materials when the price of the recycled materials does not exceed the price of nonrecycled materials by more than ten percent. In order to maximize the quantity and quality of recycled materials purchased, a public entity also may use other appropriate procedures to acquire recycled materials at the most economical cost to the public entity.

(b) When purchasing commodities and services, a public entity shall apply and promote the preferred waste management practices listed in section 115A.02, with special emphasis on reduction of the quantity and toxicity of materials in waste. A public entity, in developing bid specifications, shall consider the extent to which a commodity or product is durable, reusable, or recyclable and marketable through the applicable local or regional recycling program and the extent to which the commodity or product contains postconsumer material. When a project by a public entity involves the replacement of carpeting, the public entity may require all persons who wish to bid on the project to designate a carpet recycling company in their bids.

Sec. 2. [16B.124] [CONSIDERATION OF ENVIRONMENTAL IMPACTS OF METAL RECYCLING FACILITIES.]

(a) The state, counties, towns, and home rule charter or statutory cities shall include consideration of environmental impacts in selecting a recycling facility for the recycling of scrap metal.

(b) For the purposes of this section, "recycling facility" has the meaning given in section 115A.03, subdivision 25c.

Sec. 3. [115A.0715] [CONSOLIDATED GRANT AND LOAN PROGRAMS.]

The director may consolidate and jointly administer the following grant and loan programs: public education under section 115A.072, technical and research assistance under section 115A.152, waste reduction under section 115A.154, waste processing and collection facilities and services under section 115A.156, market development under section 115A.48, waste separation projects under section 115A.53, solid waste reduction under section 115A.55, used oil under section 115A.9162, litter under section 115A.991, pollution prevention assistance under section 115D.04, and pollution prevention under section 115D.05.

Sec. 4. Minnesota Statutes 1994, section 115A.072, subdivision 3, is amended to read:

Subd. 3. [EDUCATION GRANTS.] (a) The director shall provide grants to persons for the purpose of developing and distributing waste education information.

(b) ~~The director shall provide grants and technical assistance to formal and informal education facilities to develop and implement a model program to incorporate waste reduction, recycling, litter prevention, and proper management of problem materials into educational operations.~~

~~(c)~~ The director shall provide grants or awards and technical assistance to formal and informal education facilities to develop or implement ongoing programs for waste reduction, recycling, litter prevention, and proper management of problem materials ~~programs~~.

Sec. 5. Minnesota Statutes 1994, section 115A.072, subdivision 4, is amended to read:

Subd. 4. [EDUCATION, PROMOTION, AND PROCUREMENT.] The director shall include: (1) waste reduction and reuse, including packaging reduction and reuse; and (2) the hazards of

open burning, as defined in section 88.01, of mixed municipal solid waste, especially the hazards of dioxin emissions to children, as ~~an element~~ elements of the director's program of public education on waste management required under this section. The waste reduction and reuse education program must include dissemination of information and may include an award program for model waste reduction and reuse efforts. Waste reduction and reuse educational efforts must also include provision of information about and promotion of the model procurement program developed by the commissioner of administration under section 115A.15, subdivision 7, or any other model procurement program that results in significant waste reduction and reuse.

Sec. 6. Minnesota Statutes 1992, section 115A.33, as reenacted by sections 60 and 64, is amended to read:

115A.33 [ELIGIBILITY; REQUEST FOR REVIEW.]

The following persons shall be eligible to request supplementary review by the board pursuant to sections 115A.32 to 115A.39: (a) a generator of sewage sludge within the state who has been issued permits by the agency for a facility to dispose of sewage sludge or solid waste resulting from sewage treatment; (b) a political subdivision which has been issued permits by the agency, or a political subdivision acting on behalf of a person who has been issued permits by the agency, for a solid waste facility which is no larger than 250 acres, not including any proposed buffer area, and located outside the metropolitan area; (c) a generator of hazardous waste within the state who has been issued permits by the agency for a hazardous waste facility to be owned and operated by the generator, on property owned by the generator, and to be used by the generator for managing the hazardous wastes produced by the generator only; (d) a person who has been issued permits by the agency for a commercial hazardous waste processing facility at a site included in the board's inventory of preferred sites for such facilities adopted pursuant to section 115A.09; (e) a person who has been issued permits by the agency for a disposal facility for the nonhazardous sludge, ash, or other solid waste generated by a permitted hazardous waste processing facility operated by the person. ~~The metropolitan waste control commission shall not be eligible to request review under clause (a) for a sewage sludge disposal facility. The metropolitan waste control commission shall not be eligible to request review under clause (a) for a solid waste facility with a proposed permitted life of longer than four years.~~ The board may require completion of a plan conforming to the requirements of section 115A.46, before granting review under clause (b). A request for supplementary review shall show that the required permits for the facility have been issued by the agency and that a political subdivision has refused to approve the establishment or operation of the facility.

Sec. 7. Minnesota Statutes 1994, section 115A.411, is amended to read:

115A.411 [SOLID WASTE MANAGEMENT POLICY; CONSOLIDATED REPORT.]

Subdivision 1. [AUTHORITY; PURPOSE.] The director with assistance from the commissioner shall prepare and adopt a report on solid waste management policy ~~excluding the metropolitan area~~. The report must be submitted by the director to the legislative commission on waste management by July 1 of each ~~even-numbered~~ odd-numbered year and ~~may~~ shall include reports required under sections 115A.55, subdivision 4, paragraph (b); 115A.551, subdivision 4~~,~~ ~~and~~; 115A.557, subdivision 4; 473.149, subdivision 6; 473.846; and 473.848, subdivision 4.

Subd. 2. [CONTENTS.] (a) The report must also include:

(1) a summary of the current status of solid waste management, including the amount of solid waste generated, the manner in which it is collected, processed, and disposed, the extent of separation, recycling, reuse, and recovery of solid waste, and the facilities available or under development to manage the waste;

~~(2) a summary of current state solid waste management policies, goals, and objectives, including their statutory, administrative, and regulatory basis and the state agencies and political subdivisions responsible for implementation;~~

~~(3)~~ (2) an evaluation of the extent and effectiveness of implementation and an assessment of progress in accomplishing state policies, goals, and objectives, including those listed in paragraph (b);

~~(4) estimates of the generation of solid waste anticipated for the future, the manner in which the waste is likely to be managed, and the programs and facilities that will be available and needed for proper waste management;~~

~~(5)~~ (3) identification of issues requiring further research, study, and action, the appropriate scope of the research, study, or action, the state agency or political subdivision that should implement the research, study, or action, and a schedule for completion of the activity; and

~~(6)~~ (4) recommendations for establishing or modifying state solid waste management policies, authorities, and programs.

(b) Beginning in 1997, and every sixth year thereafter, the report shall be expanded to include the metropolitan area solid waste policy plan required in section 473.149, subdivision 1, and strategies for the office to advance the goals of this chapter, to manage waste as a resource, to further reduce the need for expenditures on resource recovery and disposal facilities, and to further reduce long-term environmental and financial liabilities. The expanded report must include strategies for:

(1) achieving the maximum feasible reduction in waste generation;

(2) encouraging manufacturers to design products that eliminate or reduce the adverse environmental impacts of resource extraction, manufacturing, use, and waste processing and disposal;

(3) educating businesses, public entities, and other consumers about the need to consider the potential environmental and financial impacts of purchasing products that may create a liability or that may be expensive to recycle or manage as waste, due to the presence of toxic or hazardous components;

(4) eliminating or reducing toxic or hazardous components in compost from municipal solid waste composting facilities, in ash from municipal solid waste incinerators, and in leachate and air emissions from municipal solid waste landfills, in order to reduce the potential liability of waste generators, facility owners and operators, and taxpayers;

(5) encouraging the source separation of materials to the extent practicable, so that the materials are most appropriately managed and to ensure that resources that can be reused or recycled are not disposed of or destroyed; and

(6) maximizing the efficiency of the waste management system by managing waste and recyclables close to the point of generation, taking into account the characteristics of the resources to be recovered from the waste and the type and capacity of local facilities.

Sec. 8. Minnesota Statutes 1994, section 115A.46, subdivision 5, is amended to read:

Subd. 5. [JURISDICTION OF PLAN.] (a) After a county plan has been submitted for approval under subdivision 1, a ~~political subdivision~~ public entity, as defined in section 16B.122, subdivision 1, within the county may not enter into a binding agreement governing a solid waste management activity that is inconsistent with the county plan without the consent of the county.

(b) After a county plan has been approved under subdivision 1, the plan governs all solid waste management in the county and a ~~political subdivision~~ public entity, as defined in section 16B.122, subdivision 1, within the county may not develop or implement a solid waste management activity, other than an activity to reduce waste generation or reuse waste materials, that is inconsistent with the county plan that the county is actively implementing without the consent of the county.

Sec. 9. [115A.471] [PUBLIC ENTITIES; MANAGEMENT OF SOLID WASTE.]

(a) Prior to entering into or approving a contract for the management of mixed municipal solid waste which would manage the waste using a waste management practice that is ranked lower on the list of preferred waste management practices in section 115A.02, paragraph (b), than the waste management practice selected for such waste in the county plan for the county in which the waste was generated, a public entity must:

(1) determine the potential liability to the public entity and its taxpayers for managing the waste in this manner;

(2) develop and implement a plan for managing the potential liability; and

(3) submit the information from clauses (1) and (2) to the agency.

(b) For the purpose of this subdivision, "public entity" means the state; an office, agency, or institution of the state; the metropolitan council; a metropolitan agency; the metropolitan mosquito control district; the legislature; the courts; a county; a statutory or home rule charter city; a town; a school district; another special taxing district; or any other general or special purpose unit of government in the state.

Sec. 10. Minnesota Statutes 1994, section 115A.55, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL ASSISTANCE.] (a) The director shall make loans and grants to any person for the purpose of developing and implementing projects or practices to prevent or reduce the generation of solid waste including those that involve reuse of items in their original form or in manufacturing processes that do not cause the destruction of recyclable materials in a manner that precludes further use, or involve procuring, using, or producing products with long useful lives. Grants may be used to fund studies needed to determine the technical and financial feasibility of a waste reduction project or practice or for the cost of implementation of a waste reduction project or practice that the director has determined is technically and financially feasible.

(b) In making grants or loans, the director shall give priority to waste reduction projects or practices that have broad application in the state and that have the potential for significant reduction of the amount of waste generated.

(c) All information developed as a result of a grant or loan shall be made available to other solid waste generators through the public information program established in subdivision 2.

(d) The director shall adopt rules for the administration of this program and may administer the program in conjunction with the grant program established under section 115D.05. The rules must prescribe the level or levels of matching funds required for grants or loans under this subdivision.

Sec. 11. Minnesota Statutes 1994, section 115A.55, is amended by adding a subdivision to read:

Subd. 4. [STATEWIDE SOURCE REDUCTION GOAL.] (a) It is a goal of the state that there be a minimum ten percent per capita reduction in the amount of mixed municipal solid waste generated in the state by December 31, 2000, based on a reasonable estimate of the amount of mixed municipal solid waste that was generated in calendar year 1993.

(b) As part of the 1997 report required under section 115A.411, the director shall submit to the legislative commission on waste management a proposed strategy for meeting the goal in paragraph (a). The strategy must include a discussion of the different reduction potentials to be found in various sectors and may include recommended interim goals. The director shall report progress on meeting the goal in paragraph (a), as well as recommendations and revisions to the proposed strategy, as part of the 1999 report required under section 115A.411.

Sec. 12. Minnesota Statutes 1994, section 115A.5501, subdivision 4, is amended to read:

Subd. 4. [REPORT.] The director shall apply the statewide percentage determined under subdivision 2 to the aggregate amount of solid waste determined under subdivision 3 to determine the amount of packaging in the waste stream. By July 1, 1996, the director shall submit to the legislative commission on waste management an analysis of the extent to which the waste packaging reduction goal in subdivision 1 has been met. In determining whether the goal has been met, the margin of error must be applied in favor of meeting the goal. The director shall use the statistical mean for the data collected in determining whether the goal has been met and shall include in the analysis a discussion of the margin of error and statistical reliability for the data collected.

Sec. 13. Minnesota Statutes 1994, section 115A.5502, is amended to read:

115A.5502 [PACKAGING PRACTICES; PREFERENCES; GOALS.]

Packaging forms a substantial portion of solid waste and contributes to environmental degradation and the costs of managing solid waste. It is imperative to reduce the amount and toxicity of packaging that must be managed as solid waste. In order to achieve significant reduction of packaging in solid waste and to assist packagers and others to meet the packaging reduction goal in section 115A.5501, the goal of the state is that items be distributed without any packaging where feasible and, only when necessary to protect health and safety or product integrity, with the minimal amount of packaging possible. The following categories of packaging are listed in order of preference for use by all persons who find it necessary to package items for distribution or use in the state:

(1) minimal packaging that contains no intentionally introduced toxic materials and that is designed to be and actually is reused for its original purpose at least five times;

(2) minimal packaging that contains no intentionally introduced toxic materials and consists of a significant percentage of postconsumer material;

(3) minimal packaging that contains no intentionally introduced toxic materials, that is recyclable, and is regularly collected through recycling collection programs available to at least 75 percent of the residents of the state;

~~(3)~~ (4) minimal packaging that does not comply with ~~clauses~~ clause (1) ~~and~~, (2), or (3) because it is required under federal or state law and for which there does not exist a commercially feasible alternative that does comply with ~~clauses~~ clause (1) ~~and~~, (2), or (3);

~~(4)~~ (5) packaging that contains no intentionally introduced toxic materials but does not comply with clauses (1) to ~~(3)~~ (4); and

~~(5)~~ (6) all other packaging.

Sec. 14. Minnesota Statutes 1994, section 115A.551, subdivision 2a, is amended to read:

Subd. 2a. [SUPPLEMENTARY RECYCLING GOALS.] (a) By December 31, 1996, each county will have as a goal to recycle the following amounts:

(1) for a county outside of the metropolitan area, ~~30~~ 35 percent by weight of total solid waste generation;

(2) for a metropolitan county, ~~45~~ 50 percent by weight of total solid waste generation.

Each county will develop and implement or require political subdivisions within the county to develop and implement programs, practices, or methods designed to meet its recycling goal. Nothing in this section or in any other law may be construed to prohibit a county from establishing a higher recycling goal. ~~For the purposes of this subdivision "recycle" and "total solid waste generation" have the meanings given them in subdivision 1, except that neither includes yard waste.~~

(b) For a county that, by January 1, 1995, is implementing a solid waste reduction program that is approved by the director, the director shall apply three percentage points toward achievement of the recycling goals in this subdivision. In addition, the director shall apply demonstrated waste reduction that exceeds three percent reduction toward achievement of the goals in this subdivision.

(c) No more than five percentage points may be applied toward achievement of the recycling goals in this subdivision for management of yard waste. The five percentage points must be applied as provided in this paragraph. The director shall apply three percentage points for a county in which residents, by January 1, 1996, are provided with:

(1) an ongoing comprehensive education program under which they are informed about how to manage yard waste and are notified of the prohibition in section 115A.931; and

(2) the opportunity to drop off yard waste at specified sites or participate in curbside yard waste collection.

The director shall apply up to an additional two percentage points toward achievement of the recycling goals in this subdivision for additional activities approved by the director that are likely to reduce the amount of yard waste generated and to increase the on-site composting of yard waste.

Sec. 15. Minnesota Statutes 1994, section 115A.551, subdivision 4, is amended to read:

Subd. 4. [INTERIM MONITORING.] The director~~, for counties outside of the metropolitan area, and the metropolitan council, for counties within the metropolitan area,~~ shall monitor the progress of each county toward meeting the recycling goals in subdivisions 2 and 2a. The director shall report to the legislative commission on waste management on the progress of the counties by July 1 of each odd-numbered year. ~~The metropolitan council shall report to the legislative commission on waste management on the progress of the counties by July 1 of each year.~~ If the director ~~or the council~~ finds that a county is not progressing toward the goals in subdivisions 2 and 2a, it shall negotiate with the county to develop and implement solid waste management techniques designed to assist the county in meeting the goals, such as organized collection, curbside collection of source-separated materials, and volume-based pricing.

~~In even-numbered years~~ The progress report ~~may~~ shall be included in the ~~solid waste management policy~~ report required under section 115A.411. ~~The metropolitan council's progress report shall be included in the report required by section 473.149.~~

Sec. 16. Minnesota Statutes 1994, section 115A.551, subdivision 6, is amended to read:

Subd. 6. [COUNTY SOLID WASTE PLANS.] ~~(a)~~ Each county shall include in its solid waste management plan described in section 115A.46, or its solid waste master plan described in section 473.803, a ~~plan~~ recycling implementation strategy for ~~implementing~~ meeting the recycling goal established in subdivision ~~2~~ 2a along with mechanisms for providing financial incentives to solid waste generators to reduce the amount of waste generated and to separate recyclable materials from the waste stream. ~~The recycling plan must include detailed recycling implementation information to form the basis for the strategy required in subdivision 7.~~

~~(b) Each county required to submit its plan to the director under section 115A.46 shall amend its plan to comply with this subdivision within one year after October 4, 1989.~~

Sec. 17. Minnesota Statutes 1994, section 115A.551, subdivision 7, is amended to read:

Subd. 7. [RECYCLING IMPLEMENTATION STRATEGY.] ~~Within one year of approval of the portion of the plan required in subdivision 6,~~ Each ~~nonmetropolitan~~ county shall submit to the director for approval ~~a local~~ the recycling implementation strategy required in subdivision 6. The ~~local~~ recycling implementation strategy must be submitted by October 31, 1995, and must:

(1) be consistent with the approved county solid waste management plan;

(2) identify the materials that are being and will be recycled in the county to meet the goals under this section and the parties responsible and methods for recycling the material; ~~and~~

(3) ~~define the need for funds to ensure continuation of local recycling, methods of raising and allocating such funds, and permanent sources and levels of local funding for recycling~~ provide a budget to ensure adequate funding for needed county and local programs and demonstrate an ongoing commitment to spending the money on recycling programs; and

(4) include a schedule for implementing recycling activities needed to meet the goals in subdivision 2a.

Sec. 18. Minnesota Statutes 1994, section 115A.554, is amended to read:

115A.554 [AUTHORITY OF SANITARY DISTRICTS.]

A sanitary district has the authorities and duties of counties within the district's boundary for purposes of sections 115A.46, subdivision 4; 115A.48; 115A.551; 115A.552; 115A.553; 115A.919; 115A.929; 115A.93; 115A.96, subdivision 6; 115A.961; 115A.991; 116.072; 375.18, subdivision 14; 400.08, except subdivision 4, paragraph (b); 400.16; and 400.161.

Sec. 19. Minnesota Statutes 1994, section 115A.557, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY TO RECEIVE MONEY.] (a) To be eligible to receive money distributed by the director under this section, a county shall within one year of October 4, 1989:

(1) create a separate account in its general fund to credit the money; and

(2) set up accounting procedures to ensure that money in the separate account is spent only for the purposes in subdivision 2.

(b) In each following year, each county shall also:

(1) have in place an approved solid waste management plan or master plan including a recycling implementation strategy under section 115A.551, subdivision 7, ~~or 473.803, subdivision 1e,~~ and a household hazardous waste management plan under section 115A.96, subdivision 6, by the dates specified in those provisions;

(2) submit a report by April 1 of each year to the director detailing how the money was spent and the resulting gains achieved in solid waste management practices during the previous calendar year; and

(3) provide evidence to the director that local revenue equal to 25 percent of the money sought for distribution under this section will be spent for the purposes in subdivision 2.

(c) The director shall withhold all or part of the funds to be distributed to a county under this section if the county fails to comply with this subdivision and subdivision 2.

Sec. 20. Minnesota Statutes 1994, section 115A.557, subdivision 4, is amended to read:

Subd. 4. [REPORT.] By July 1 of each odd-numbered year, the director shall report on how the money was spent and the resulting statewide improvements in solid waste management to the house of representatives and senate appropriations and finance committees and the legislative commission on waste management. ~~In even-numbered years~~ The report ~~may~~ shall be included in the ~~solid waste management policy~~ report required under section 115A.411.

Sec. 21. Minnesota Statutes 1994, section 115A.919, subdivision 3, is amended to read:

Subd. 3. [EXEMPTIONS.] (a) Waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from any fee imposed by a county under this section if there is at least an 85 percent ~~volume~~ weight reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate county, except that for facilities operating outside of the metropolitan area the commissioner shall prescribe procedures for verifying the required 85 percent ~~volume~~ weight reduction.

(b) A facility permitted for the disposal of construction debris is exempt from 25 percent of a fee imposed under subdivision 1 if the facility has implemented a recycling program approved by the county and 25 percent if the facility contains a liner and leachate collection system approved by the agency.

Sec. 22. Minnesota Statutes 1994, section 115A.921, subdivision 1, is amended to read:

Subdivision 1. [MIXED MUNICIPAL SOLID WASTE.] A city or town may impose a fee, not to exceed $1 per cubic yard of waste, or its equivalent, on operators of facilities for the disposal of mixed municipal solid waste located within the city or town. The revenue from the fees must be credited to the city or town general fund. Revenue produced by 25 cents of the fee must be used only for purposes of landfill abatement or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities. Revenue produced by the balance of the fee may be used for any general fund purpose.

Waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from the fee imposed by a city or town under this section if there is at least an 85 percent ~~volume~~ weight reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate city or town, except that for facilities operating outside of the metropolitan area the commissioner shall prescribe procedures for verifying the required 85 percent ~~volume~~ weight reduction.

Sec. 23. Minnesota Statutes 1994, section 115A.923, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF FEE.] (a) The operator of a mixed municipal solid waste disposal facility outside of the metropolitan area shall charge a fee on solid waste accepted and disposed of at the facility as follows:

(1) a facility that weighs the waste that it accepts must charge a fee of $2 per cubic yard based on equivalent cubic yards of waste accepted at the entrance of the facility;

(2) a facility that does not weigh the waste but that measures the volume of the waste that it accepts must charge a fee of $2 per cubic yard of waste accepted at the entrance of the facility; and

(3) waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse is exempt from the fee imposed by this subdivision if there is at least an 85 percent ~~volume~~ weight reduction in the solid waste processed.

(b) To qualify for exemption under paragraph (a), clause (3), waste residue must be brought to a disposal facility separately. The commissioner shall prescribe procedures for determining the amount of waste residue qualifying for exemption.

Sec. 24. Minnesota Statutes 1994, section 115A.9302, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE REQUIRED.] (a) By January 1, 1994, and at least annually thereafter between January 1 and March 31, a person that collects construction debris, industrial waste, or mixed municipal solid waste for transportation to a waste facility shall disclose to each waste generator from whom waste is collected the name, location, and type of, and the number of the permit issued by the agency, or its counterpart in another state, if applicable, for the processing or disposal facility or facilities, excluding a transfer station, at which the waste will be deposited. The collector shall note ~~both~~ the approximate percentage of waste deposited at each of the two primary ~~facility at which the collector most often deposits waste~~ facilities used for the type of waste collected from the generator in the county in which the generator generates the waste and any alternative facilities regularly used by the collector~~.~~ for the type of waste collected from the generator in the county in which the generator generates the waste.

(b) All written disclosures must include the following statement:

"You may be responsible for any liability that results from contamination at a facility where your waste has been deposited. Minnesota believes that its waste management system provides substantially more financial and environmental protection than depositing waste in landfills in other states. Managing your waste in Minnesota may minimize your potential liability."

All oral disclosures must include the following statement:

"You may be responsible for any liability that results from contamination at a facility where your waste has been deposited. Minnesota believes that its waste management system offers more protection from liability than the waste management systems of other states."

(c) If any of the primary or alternative disposal facilities identified by the collector in paragraph (a) are not located in Minnesota, the disclosure must state "The landfill to which your waste may be sent during the current calendar year is not a Minnesota landfill."

Sec. 25. Minnesota Statutes 1994, section 115A.9302, subdivision 2, is amended to read:

Subd. 2. [FORM OF DISCLOSURE.] (a) A collector shall make the disclosure to the waste generator in writing at least once per year ~~or~~ between January 1 and March 31 and on any written contract for collection services for that year. The written disclosure must include all of the information described in subdivision 1. The oral disclosure required in this section need only include the statement required in subdivision 1, paragraph (b), and the statement required in subdivision 1, paragraph (c), if that paragraph applies. If the license issued by the county to the collector for collection within the county does not require the collector to submit a copy of the disclosure to the county, the collector shall submit a copy to the commissioner by March 31 of each year.

(b) An oral disclosure is only required with regard to the collection of mixed municipal solid waste. A collector must provide the required disclosure orally to a waste generator at the time the generator agrees to purchase regular collection service and must provide written disclosure to the generator within 45 days from the date of request. This oral disclosure is not required if the city or county within which the waste is generated selects the collector that may provide collection services to the generator.

(c) If a collector provides one-time or occasional service to a waste generator, the collector must orally provide the generator with the required disclosure at the time the generator agrees to purchase the service. The collector shall then provide written disclosure to the generator within 45 days from the date of request.

(d) If an additional facility becomes either a primary facility or an alternative facility during the year, the collector shall make the disclosure set forth in subdivision 1 within 30 days. A local government unit that collects solid waste without direct charges to waste generators shall make the disclosure on any statement that includes an amount for waste management, provided that, at a minimum, disclosure to waste generators must be made at least twice annually in a form likely to be available to all generators.

(e) The agency may develop standard disclosure forms containing the information that is required in this section. Collectors may use the form developed by the agency.

Sec. 26. Minnesota Statutes 1994, section 115A.96, subdivision 2, is amended to read:

Subd. 2. [MANAGEMENT PROGRAM.] ~~(a)~~ The agency shall establish a statewide program to manage household hazardous wastes. The program must include:

(1) the establishment and operation of collection sites; and

(2) the provision of information, education, and technical assistance regarding proper management of household hazardous wastes.

~~(b) The agency shall report on its progress on establishing permanent collection sites to the legislative commission on waste management by November 1, 1991.~~

Sec. 27. Minnesota Statutes 1994, section 115A.965, subdivision 1, is amended to read:

Subdivision 1. [PACKAGING.] (a) As soon as feasible but not later than August 1, 1993, no manufacturer or distributor may sell or offer for sale or for promotional purposes in this state packaging or a product that is contained in packaging if the packaging itself, or any inks, dyes, pigments, adhesives, stabilizers, or any other additives to the packaging contain any lead, cadmium, mercury, or hexavalent chromium that has been intentionally introduced as an element during manufacture or distribution of the packaging. Intentional introduction does not include the incidental presence of any of the prohibited elements.

(b) For the purposes of this section:

(1) "distributor" means a person who imports packaging or causes packaging to be imported into the state; and

(2) until August 15, ~~1995~~ 1996, "packaging" does not include steel strapping containing a total

concentration level of lead, cadmium, mercury, and hexavalent chromium, added together, of less than 100 parts per million by weight.

Sec. 28. Minnesota Statutes 1994, section 115A.9651, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY EXEMPTION.] (a) An item listed in subdivision 1 is exempt from this section until July 1, ~~1997~~ 1998, if the manufacturer of the item ~~submits~~ submitted to the commissioner a written request for an exemption by August 1, 1994. The request must include at least:

(1) an explanation of why compliance is not technically feasible at the time of the request;

(2) how the manufacturer will comply by July 1, 1997; and

(3) the name, address, and telephone number of a person the commissioner can contact for further information.

(b) By September 1, 1994, a person who uses an item listed in subdivision 1, into which one of the listed metals has been intentionally introduced, may submit, on behalf of the manufacturer, a request for temporary exemption only if the manufacturer fails to submit an exemption request as provided in paragraph (a). The request must include:

(1) an explanation of why the person must continue to use the item and a discussion of potential alternatives;

(2) an explanation of why it is not technically feasible at the time of the request to formulate or manufacture the item without intentionally introducing a listed metal;

(3) that the person will seek alternatives to using the item by July 1, 1997, if it still contains an intentionally introduced listed metal; and

(4) the name, address, and telephone number of a person the commissioner can contact for further information.

(c) A person who submits a request for temporary exemption under paragraph (b) may submit a request for a temporary exemption after September 1, 1994, for an item that the person will use as an alternative to the item for which the request was originally made as long as the new item has a total concentration level of all the listed metals that is significantly less than in the original item. An exemption under this paragraph expires July 1, ~~1997~~ 1998, and the person who requests it must submit the progress description required in paragraph (e).

(d) By October 1, 1994, and annually thereafter if requests are received under paragraph (c), the commissioner shall submit to the legislative commission on waste management a list of manufacturers and persons that have requested an exemption under this subdivision and the items for which exemptions were sought, along with copies of the requests.

(e) By July 1, 1996, each manufacturer on the list shall submit to the commissioner a description of the progress the manufacturer has made toward compliance with subdivision 1, and the date compliance has been achieved or the date on or before July 1, ~~1997~~ 1998, by which the manufacturer anticipates achieving compliance. By July 1, 1996, each person who has requested an exemption under paragraph (b) or (c) shall submit to the commissioner:

(1) a description of progress made to eliminate the listed metal or metals from the item or progress made by the person to find a replacement item that does not contain an intentionally introduced listed metal; and

(2) the date or anticipated date the item is or will be free of intentionally introduced metals or the date the person has stopped or will stop using the item.

By October 1, 1996, the commissioner shall submit to the legislative commission a summary of the progress made by the manufacturers and other persons and any recommendations for appropriate legislative or other action to ensure that products are not distributed in the state after July 1, ~~1997~~ 1998, that violate subdivision 1.

Sec. 29. Minnesota Statutes 1994, section 115D.03, subdivision 5, is amended to read:

Subd. 5. [ELIGIBLE RECIPIENTS.] "Eligible recipients" means persons who use, generate, or release toxic pollutants, hazardous substances, or hazardous wastes, or individuals or organizations that provide assistance to these persons.

Sec. 30. Minnesota Statutes 1994, section 115D.03, is amended by adding a subdivision to read:

Subd. 6a. [OFFICER OF THE COMPANY.] "Officer of the company" means one of the following:

(1) an owner or sole proprietor;

(2) a partner;

(3) for a corporation incorporated under chapter 300, the president, secretary, treasurer, or other officer as provided for in the corporation's bylaws or certificate of incorporation;

(4) for a corporation incorporated under chapter 302A, an individual exercising the functions of the chief executive officer or the chief financial officer under section 302A.305 or another officer elected or appointed by the directors of the corporation under section 302A.311;

(5) for a corporation incorporated outside this state, an officer of the company as defined by the laws of the state in which the corporation is incorporated; or

(6) for a limited liability company organized under chapter 322B, the chief manager or treasurer.

Sec. 31. Minnesota Statutes 1994, section 115D.05, is amended to read:

115D.05 [POLLUTION PREVENTION GRANTS.]

Subdivision 1. [PURPOSE.] The director may make grants to ~~study or demonstrate the feasibility of applying specific technologies and methods to prevent~~ develop or implement pollution prevention projects or practices.

Subd. 2. [ELIGIBILITY.] (a) Eligible recipients may receive grants under this section.

(b) Grants may be awarded up to a maximum of ~~two-thirds~~ three-quarters of the total cost of the project. ~~Grant money awarded under this section may not be spent for capital improvements or equipment.~~

Subd. 3. [PROCEDURE FOR AWARDING GRANTS.] (a) In determining whether to award a grant, the director shall consider at least the following:

(1) the potential of the project to prevent pollution;

(2) the likelihood that the project will ~~develop techniques or processes that will~~ minimize the transfer of pollution from one environmental medium to another;

(3) the extent to which information to be developed through the project will be applicable and disseminated to other persons in the state; and

(4) ~~the willingness of the grant applicant to implement feasible methods and technologies developed under the grant;~~

~~(5) the willingness of the grant applicant to assist the director in disseminating information about the pollution prevention methods to be developed through the project; and~~

~~(6)~~ the extent to which the project will conform to the pollution prevention policy established in section 115D.02.

(b) The director shall adopt rules to administer the grant program and may administer the grant program in conjunction with the grant program established under section 115A.55, subdivision 3.

~~Prior to completion of any new rulemaking, the director may administer the program under the procedures established in rules promulgated under section 115A.154.~~

Sec. 32. Minnesota Statutes 1994, section 115D.07, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT TO PREPARE AND MAINTAIN A PLAN.] (a) Persons who operate a facility required by United States Code, title 42, section 11023, or section 299K.08, subdivision 3, to submit a toxic chemical release form shall prepare a toxic pollution prevention plan for that facility. A facility that is required to submit a toxic chemical release form but does not release a toxic chemical is exempt from the requirements of this subdivision. The plan must contain the information listed in subdivision 2.

(b) Except as provided in paragraphs (d) and (e), for facilities that release a total of 10,000 pounds or more of toxic pollutants annually, the plan must be completed as follows:

(1) on or before July 1, 1991, for facilities having a two-digit standard industrial classification of 35 to 39;

(2) by January 1, 1992, for facilities having a two-digit standard industrial classification of 28 to 34; and

(3) by July 1, 1992, for all other persons required to prepare a plan under this subdivision.

(c) Except as provided in paragraphs (d) and (e), facilities that release less than a total of 10,000 pounds of toxic pollutants annually must complete their plans by July 1, 1992.

(d) For the following facilities, the plan must be completed as follows:

(1) by January 1, 1995, for facilities required to report under section 299K.08, subdivision 3, that have a two-digit standard industrial classification of 01 to 50; and

(2) by ~~July 1, 1995~~ January 1, 1996, for facilities required to report under section 299K.08, subdivision 3, that have a two-digit standard industrial classification of 51 to 99.

(e) For facilities that become subject to this subdivision after July 1, 1993, the plan must be completed by six months after the first submittal for the facility under United States Code, title 42, section 11023, or section 299K.08, subdivision 3.

(f) Each plan must be updated ~~every two years~~ by January 1 of every even-numbered year and must be maintained at the facility to which it pertains.

Sec. 33. Minnesota Statutes 1994, section 115D.07, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF PLAN.] (a) Each toxic pollution prevention plan must establish a program identifying the specific technically and economically practicable steps that could be taken during at least the three years following the date the plan is due, to eliminate or reduce the generation or release of toxic pollutants reported by the facility. Toxic pollutants resulting solely from research and development activities need not be included in the plan.

(b) At a minimum, each plan must include:

(1) a policy statement articulating upper management support for eliminating or reducing the generation or release of toxic pollutants at the facility;

(2) a description of the current processes generating or releasing toxic pollutants that specifically describes the types, sources, and quantities of toxic pollutants currently being generated or released by the facility;

(3) a description of the current and past practices used to eliminate or reduce the generation or release of toxic pollutants at the facility and an evaluation of the effectiveness of these practices;

(4) an assessment of technically and economically practicable options available to eliminate or reduce the generation or release of toxic pollutants at the facility, including options such as changing the raw materials, operating techniques, equipment and technology, personnel training,

and other practices used at the facility. The assessment may include a cost benefit analysis of the available options;

(5) a statement of objectives based on the assessment in clause (4) and a schedule for achieving those objectives. Wherever technically and economically practicable, the objectives for eliminating or reducing the generation or release of each toxic pollutant at the facility must be expressed in numeric terms based on a specified base year that is no earlier than 1987. Otherwise, the objectives must include a clearly stated list of actions designed to lead to the establishment of numeric objectives as soon as practicable;

(6) an explanation of the rationale for each objective established for the facility;

(7) a listing of options that were considered not to be economically and technically practicable; and

(8) a certification, signed and dated by the facility manager and an officer of the company under penalty of section 609.63, attesting to the accuracy of the information in the plan.

Sec. 34. Minnesota Statutes 1994, section 115D.08, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT TO SUBMIT PROGRESS REPORT.] (a) All persons required to prepare a toxic pollution prevention plan under section 115D.07 shall submit an annual progress report to the commissioner that may be drafted in a manner that does not disclose proprietary information. Progress reports are due on October 1 of each year. The first progress reports are due in 1992.

(b) At a minimum, each progress report must include:

(1) a summary of each objective established in the plan, including the base year for any objective stated in numeric terms, and the schedule for meeting ~~the~~ each objective;

(2) a summary of progress made during the past year, if any, toward meeting each objective established in the plan including the quantity of each toxic pollutant eliminated or reduced;

(3) a statement of the methods through which elimination or reduction has been achieved;

(4) if necessary, an explanation of the reasons objectives were not achieved during the previous year, including identification of any technological, economic, or other impediments the facility faced in its efforts to achieve its objectives; and

(5) a certification, signed and dated by the facility manager and an officer of the company under penalty of section 609.63, attesting that a plan meeting the requirements of section 115D.07 has been prepared and also attesting to the accuracy of the information in the progress report.

Sec. 35. Minnesota Statutes 1994, section 115D.10, is amended to read:

115D.10 [TOXIC POLLUTION PREVENTION EVALUATION REPORT.]

The director, in cooperation with the commissioner and commission, shall report to the environment and natural resources committees of the legislature and the legislative commission on waste management on progress being made in achieving the objectives of sections 115D.01 to 115D.12. The report must be submitted by February 1 of each even-numbered year.

Sec. 36. [116.011] [ANNUAL POLLUTION REPORT.]

A goal of the pollution control agency is to reduce the amount of pollution that is emitted in the state. The pollution control agency shall include in its annual performance report information detailing the best estimate of the agency of the total volume of water and air pollution that was emitted in the state in the previous calendar year. The agency shall report its findings for both water and air pollution:

(1) in gross amounts, including the percentage increase or decrease over the previous calendar year; and

(2) in a manner which will demonstrate the magnitude of the various sources of water and air pollution.

Sec. 37. Minnesota Statutes 1994, section 116.07, subdivision 4a, is amended to read:

Subd. 4a. [PERMITS.] (a) The pollution control agency may issue, continue in effect or deny permits, under such conditions as it may prescribe for the prevention of pollution, for the emission of air contaminants, or for the installation or operation of any emission facility, air contaminant treatment facility, treatment facility, potential air contaminant storage facility, or storage facility, or any part thereof, or for the sources or emissions of noise pollution.

The pollution control agency may also issue, continue in effect or deny permits, under such conditions as it may prescribe for the prevention of pollution, for the storage, collection, transportation, processing, or disposal of waste, or for the installation or operation of any system or facility, or any part thereof, related to the storage, collection, transportation, processing, or disposal of waste.

The pollution control agency may revoke or modify any permit issued under this subdivision and section 116.081 whenever it is necessary, in the opinion of the agency, to prevent or abate pollution.

(b) The pollution control agency has the authority for approval over the siting, expansion, or operation of a solid waste facility with regard to environmental issues. However, the agency's issuance of a permit does not release the permittee from any liability, penalty, or duty imposed by any applicable county ordinances. Nothing in this chapter precludes, or shall be construed to preclude, a county from enforcing land use controls, regulations, and ordinances existing at the time of the permit application and adopted pursuant to sections 366.10 to 366.181, 394.21 to 394.37, or 462.351 to 462.365, with regard to the siting, expansion, or operation of a solid waste facility.

Sec. 38. Minnesota Statutes 1994, section 116.07, subdivision 4j, is amended to read:

Subd. 4j. [PERMITS; SOLID WASTE FACILITIES.] (a) The agency may not issue a permit for new or additional capacity for a mixed municipal solid waste resource recovery or disposal facility as defined in section 115A.03 unless each county using or projected in the permit to use the facility has in place a solid waste management plan approved under section 115A.46 or 473.803 and amended as required by section 115A.96, subdivision 6. The agency shall issue the permit only if the capacity of the facility is consistent with the needs for resource recovery or disposal capacity identified in the approved plan or plans. Consistency must be determined by the ~~metropolitan council for counties in the metropolitan area and by the agency for counties outside the metropolitan area~~ office of environmental assistance. Plans approved before January 1, 1990, need not be revised if the capacity sought in the permit is consistent with the approved plan or plans.

(b) The agency shall require as part of the permit application for a waste incineration facility identification of preliminary plans for ash management and ash leachate treatment or ash utilization. The permit issued by the agency must include requirements for ash management and ash leachate treatment.

(c) Within 30 days of receipt by the agency of a permit application for a solid waste facility, the commissioner shall notify the applicant in writing whether the application is complete and if not, what items are needed to make it complete, and shall give an estimate of the time it will take to process the application. Within 180 days of receipt of a completed application, the agency shall approve, disapprove, or delay decision on the application, with reasons for the delay, in writing.

Sec. 39. Minnesota Statutes 1994, section 116.072, is amended to read:

116.072 [ADMINISTRATIVE PENALTIES.]

Subdivision 1. [AUTHORITY TO ISSUE PENALTY ORDERS.] (a) The commissioner may issue an order requiring violations to be corrected and administratively assessing monetary penalties for violations of this chapter and chapters 115, 115A, 115D, and 115E, any rules adopted under those chapters, and any standards, limitations, or conditions established in an agency permit;

and for failure to respond to a request for information under section 115B.17, subdivision 3. The order must be issued as provided in this section.

(b) A county board may adopt an ordinance containing procedures for the issuance of administrative penalty orders and may issue orders beginning August 1, 1996. Before adopting ordinances, counties shall work cooperatively with the agency to develop an implementation plan for the orders that substantially conforms to a model ordinance developed by the counties and the agency. After adopting the ordinance, the county board may issue orders requiring violations to be corrected and administratively assessing monetary penalties for violations of county ordinances adopted under section 400.16, 400.161, or 473.811 or chapter 115A that regulate solid and hazardous waste and any standards, limitations, or conditions established in a county license issued pursuant to these ordinances. For violations of ordinances relating to hazardous waste, a county's penalty authority is described in subdivisions 2 to 5. For violations of ordinances relating to solid waste, a county's penalty authority is described in subdivision 5a. Subdivisions 6 to 11 apply to violations of ordinances relating to both solid and hazardous waste.

(c) Monetary penalties collected by a county must be used to manage solid and hazardous waste. A county board's authority is limited to violations described in paragraph (b). Its authority to issue orders under this section expires August 1, 1999.

Subd. 2. [AMOUNT OF PENALTY; CONSIDERATIONS.] (a) The commissioner or county board may issue an order assessing a penalty up to $10,000 for all violations identified during an inspection or other compliance review.

(b) In determining the amount of a penalty the commissioner or county board may consider:

(1) the willfulness of the violation;

(2) the gravity of the violation, including damage to humans, animals, air, water, land, or other natural resources of the state;

(3) the history of past violations;

(4) the number of violations;

(5) the economic benefit gained by the person by allowing or committing the violation; and

(6) other factors as justice may require, if the commissioner or county board specifically identifies the additional factors in the commissioner's or county board's order.

(c) For a violation after an initial violation, the commissioner or county board shall, in determining the amount of a penalty, consider the factors in paragraph (b) and the:

(1) similarity of the most recent previous violation and the violation to be penalized;

(2) time elapsed since the last violation;

(3) number of previous violations; and

(4) response of the person to the most recent previous violation identified.

Subd. 3. [CONTENTS OF ORDER.] An order assessing an administrative penalty under this section shall include:

(1) a concise statement of the facts alleged to constitute a violation;

(2) a reference to the section of the statute, rule, ordinance, variance, order, stipulation agreement, or term or condition of a permit or license that has been violated;

(3) a statement of the amount of the administrative penalty to be imposed and the factors upon which the penalty is based; and

(4) a statement of the person's right to review of the order.

Subd. 4. [CORRECTIVE ORDER.] (a) The commissioner or county board may issue an order

assessing a penalty and requiring the violations cited in the order to be corrected within 30 calendar days from the date the order is received.

(b) The person to whom the order was issued shall provide information to the commissioner or county board before the 31st day after the order was received demonstrating that the violation has been corrected or that appropriate steps toward correcting the violation have been taken. The commissioner or county board shall determine whether the violation has been corrected and notify the person subject to the order of the commissioner's or county board's determination.

Subd. 5. [PENALTY.] (a) Except as provided in paragraph (b), if the commissioner or county board determines that the violation has been corrected or appropriate steps have been taken to correct the action, the penalty must be forgiven. Unless the person requests review of the order under subdivision 6 or 7 before the penalty is due, the penalty in the order is due and payable:

(1) on the 31st day after the order was received, if the person subject to the order fails to provide information to the commissioner or county board showing that the violation has been corrected or that appropriate steps have been taken toward correcting the violation; or

(2) on the 20th day after the person receives the commissioner's or county board's determination under subdivision 4, paragraph (b), if the person subject to the order has provided information to the commissioner or county board that the commissioner or county board determines is not sufficient to show the violation has been corrected or that appropriate steps have been taken toward correcting the violation.

(b) For a repeated or serious violation, the commissioner or county board may issue an order with a penalty that will not be forgiven after the corrective action is taken. The penalty is due by 31 days after the order was received unless review of the order under subdivision 6, 7, or 8 has been sought.

(c) Interest at the rate established in section 549.09 begins to accrue on penalties under this subdivision on the 31st day after the order with the penalty was received.

Subd. 5a. [COUNTY PENALTY AUTHORITY FOR SOLID WASTE VIOLATIONS.] (a) A county board's authority to issue a corrective order and assess a penalty for all violations relating to solid waste that are identified during an inspection or other compliance review is as described in this subdivision. The model ordinance described in subdivision 1, paragraph (b), must include provisions for letters or warnings that may be issued following the inspection and before proceeding under paragraph (b).

(b) For all violations described in paragraph (a), a county attorney or county department with responsibility for environmental enforcement may first issue a notice of violation that complies with the requirements of subdivision 4, except that no penalty may be assessed unless, in the opinion of the county board, the gravity of the violation and its potential for damage to, or actual damage to, public health or the environment is such that a penalty under paragraph (c) or (d) is warranted. In that case the county attorney or department may proceed directly to paragraph (c) or (d).

(c) If the violations are not corrected, if appropriate steps have not been taken to correct them, or if the county board has determined that the gravity of the violations are such that action under this paragraph is warranted, a county board may issue a corrective order as described in subdivision 4, except that the penalty may not exceed $2,000.

(d) If the violations are still not corrected, if appropriate steps have not been taken to correct them, or if the county board has determined that the gravity of the violations are such that action under this paragraph is warranted, a county board may issue a corrective order as described in subdivision 4, except that the penalty may not exceed $5,000.

(e) In determining the amount of the penalty in paragraph (c) or (d), the county board shall be governed by subdivision 2, paragraphs (b) and (c). The penalty assessed under paragraph (c) or (d) shall be due and payable, forgiven, or assessed without forgiveness as described in subdivision 5.

Subd. 6. [EXPEDITED ADMINISTRATIVE HEARING.] (a) Within 30 days after receiving an order or within 20 days after receiving notice that the commissioner or county board has

determined that a violation has not been corrected or appropriate steps have not been taken, the person subject to an order under this section may request an expedited hearing, utilizing the procedures of Minnesota Rules, parts 1400.8510 to 1400.8612, to review the commissioner's or county board's action. The hearing request must specifically state the reasons for seeking review of the order. The person to whom the order is directed and the commissioner or county board are the parties to the expedited hearing. The commissioner or county board must notify the person to whom the order is directed of the time and place of the hearing at least 20 days before the hearing. The expedited hearing must be held within 30 days after a request for hearing has been filed with the commissioner or county board unless the parties agree to a later date.

(b) All written arguments must be submitted within ten days following the close of the hearing. The hearing shall be conducted under Minnesota Rules, parts 1400.8510 to 1400.8612, as modified by this subdivision. The office of administrative hearings may, in consultation with the agency, adopt rules specifically applicable to cases under this section.

(c) The administrative law judge shall issue a report making recommendations about the commissioner's or county board's action to the commissioner or county board within 30 days following the close of the record. The administrative law judge may not recommend a change in the amount of the proposed penalty unless the administrative law judge determines that, based on the factors in subdivision 2, the amount of the penalty is unreasonable.

(d) If the administrative law judge makes a finding that the hearing was requested solely for purposes of delay or that the hearing request was frivolous, the commissioner or county board may add to the amount of the penalty the costs charged to the agency by the office of administrative hearings for the hearing.

(e) If a hearing has been held, the commissioner or county board may not issue a final order until at least five days after receipt of the report of the administrative law judge. The person to whom an order is issued may, within those five days, comment to the commissioner or county board on the recommendations and the commissioner or county board will consider the comments. The final order may be appealed in the manner provided in sections 14.63 to 14.69.

(f) If a hearing has been held and a final order issued by the commissioner or county board, the penalty shall be paid by 30 days after the date the final order is received unless review of the final order is requested under sections 14.63 to 14.69. If review is not requested or the order is reviewed and upheld, the amount due is the penalty, together with interest accruing from 31 days after the original order was received at the rate established in section 549.09.

Subd. 7. [DISTRICT COURT HEARING.] (a) Within 30 days after the receipt of an order from the commissioner or a county board or within 20 days of receipt of notice that the commissioner or a county board has determined that a violation has not been corrected or appropriate steps have not been taken, the person subject to an order under this section may file a petition in district court for review of the order in lieu of requesting an administrative hearing under subdivision 6. The petition shall be filed with the court administrator with proof of service on the commissioner or county board. The petition shall be captioned in the name of the person making the petition as petitioner and the ~~director~~ commissioner or county board as respondent. The petition shall state with specificity the grounds upon which the petitioner seeks rescission of the order, including the facts upon which each claim is based.

(b) At trial, the commissioner or county board must establish by a preponderance of the evidence that a violation subject to this section occurred, the petitioner is responsible for the violation, a penalty immediately assessed as provided for under subdivision 5, paragraph (b) or (c), is justified by the violation, and the factors listed in subdivision 2 were considered when the penalty amount was determined and the penalty amount is justified by those factors.

Subd. 8. [MEDIATION.] In addition to review under subdivision 6 or 7, the commissioner or county board is authorized to enter into mediation concerning an order issued under this section if the commissioner or county board and the person to whom the order is issued both agree to mediation.

Subd. 9. [ENFORCEMENT.] (a) The attorney general ~~may proceed~~ on behalf of the state, or the county attorney on behalf of the county, may proceed to enforce penalties that are due and payable under this section in any manner provided by law for the collection of debts.

(b) The attorney general or county attorney may petition the district court to file the administrative order as an order of the court. At any court hearing, the only issues parties may contest are procedural and notice issues. Once entered, the administrative order may be enforced in the same manner as a final judgment of the district court.

(c) If a person fails to pay the penalty, the attorney general or county attorney may bring a civil action in district court seeking payment of the penalties, injunctive, or other appropriate relief including monetary damages, attorney fees, costs, and interest.

Subd. 10. [REVOCATION AND SUSPENSION OF PERMIT.] If a person fails to pay a penalty owed under this section, the agency or county board has grounds to revoke or refuse to reissue or renew a permit or license issued by the agency or county board.

Subd. 11. [CUMULATIVE REMEDY.] The authority of the agency or county board to issue a corrective order assessing penalties is in addition to other remedies available under statutory or common law, except that the state or county board may not seek civil penalties under any other provision of law for the violations covered by the administrative penalty order. The payment of a penalty does not preclude the use of other enforcement provisions, under which penalties are not assessed, in connection with the violation for which the penalty was assessed.

Subd. 12. [REPORT; ADMINISTRATIVE PENALTY ORDER.] (a) All counties that have adopted ordinances allowing them to issue administrative penalty orders shall report to the legislative auditor by September 1, 1998, on administrative penalty activity through August 1, 1998. The reports must include at least the following information: the nature and number of orders and penalties issued or forgiven, the nature and outcome of appeals taken, how much revenue was collected from penalties and how it was spent, and any other information a county board finds relevant.

(b) The legislative audit commission is requested to direct the legislative auditor to evaluate the data and report to the legislative commission on waste management by January 1, 1999, on at least the following matters: the degree to which penalties were suitable to the gravity of the violation, compliance with the implementation plan, and any other information the auditor finds relevant. In preparing the report, the auditor shall solicit information from counties and the regulated community and shall make recommendations as to whether the administrative penalty authority should be continued, discontinued, or continued with modifications and make any other recommendations the auditor wishes to propose as a result of the study.

Sec. 40. Minnesota Statutes 1994, section 116.66, subdivision 2, is amended to read:

Subd. 2. [FACILITY EVALUATIONS; ENVIRONMENTAL ASSESSMENT.] (a) The commissioner of the pollution control agency shall conduct facility evaluations to evaluate ongoing waste management practices and shall provide technical assistance for corrective action at motor vehicle salvage facilities.

(b) The commissioner ~~shall~~ may conduct environmental assessments at ~~a representative group of~~ motor vehicle salvage facilities to determine the extent and magnitude of any contamination and environmental impacts, develop criteria, ~~and~~ determine appropriate cleanup methods, and set priorities for cleanup actions at motor vehicle salvage facility sites, under the criteria in Minnesota Rules, chapter 7044.

Sec. 41. Minnesota Statutes 1994, section 116.66, subdivision 4, is amended to read:

Subd. 4. [REPEALER.] This section is repealed on ~~the day that the repeal of section 115A.908 is effective~~ June 30, 1999.

Sec. 42. [116.67] [COST-SHARING PROGRAM; CLEANUP OF CERTAIN MOTOR VEHICLE SALVAGE FACILITIES.]

The pollution control agency may enter into cost-sharing agreements with owners and operators of motor vehicle salvage facilities for the cleanup of motor vehicle salvage facility sites, based on the findings of the environmental assessment of motor vehicle salvage facilities conducted under section 116.66, subdivision 2. An agreement under this section must provide that the agency will be responsible for paying 90 percent of the costs of removal and remedial actions at the site, and

the owner or operator of the motor vehicle salvage facility must pay the remaining ten percent of the costs. For the purposes of this section, the terms "removal" and "remedial actions" have the meanings given in section 115B.02, subdivisions 16 and 17.

Sec. 43. Minnesota Statutes 1994, section 116.92, subdivision 4, is amended to read:

Subd. 4. [REMOVAL FROM SERVICE; PRODUCTS CONTAINING MERCURY.] (a) When an item listed in subdivision 3 is removed from service the mercury in the item must be reused, recycled, or otherwise managed to ensure compliance with section 115A.932.

(b) A person who is in the business of replacing or repairing an item listed in subdivision 3 in households shall ensure, or deliver the item to a facility that will ensure, that the mercury contained in an item that is replaced or repaired is reused or recycled or otherwise managed in compliance with section 115A.932.

(c) A person may not crush a motor vehicle unless the person has first made a good faith effort to remove all of the mercury switches in the motor vehicle.

Sec. 44. Minnesota Statutes 1994, section 325E.0951, subdivision 5, is amended to read:

Subd. 5. [RULES SUPERSEDED.] This section supersedes Minnesota Rules, part ~~7005.1190~~ 7023.0120, to the extent the rule is inconsistent with this section.

Sec. 45. Minnesota Statutes 1994, section 400.16, is amended to read:

400.16 [SOLID WASTE AND SEWAGE SLUDGE ~~DISPOSAL~~ MANAGEMENT REGULATIONS.]

The county may by ordinance establish and revise rules, regulations, and standards for solid waste and sewage sludge management and land pollution, relating to (a) the location, sanitary operation, and maintenance of solid waste facilities and sewage sludge disposal facilities by the county and any municipality or other public agency and by private operators; (b) the collection, processing, and disposal of solid waste and sewage sludge; (c) the amount and type of equipment required in relation to the amount and type of material received at any solid waste facility or sewage sludge disposal facility; (d) the control of salvage operations, water or air or land pollution, and rodents at such facilities; (e) the termination or abandonment of the facilities or activities; and (f) other matters relating to the facilities as may be determined necessary for the public health, welfare, and safety. The county may issue permits or licenses for solid waste facilities and may require that the facilities be registered with an appropriate county office. The county shall adopt the ordinances for mixed municipal solid waste management. The county shall make provision for issuing permits or licenses for mixed municipal solid waste facilities and shall require that the facilities be registered with an appropriate county office. No permit or license shall be issued for a mixed municipal solid waste facility unless the applicant has demonstrated to the satisfaction of the county board the availability of revenues necessary to operate the facility in accordance with applicable state and local laws, ordinances, and rules. No permit shall be issued for a solid waste facility used primarily for resource recovery or a transfer station serving such a facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the county finds and determines that adequate markets exist for the products recovered and that any displacement of existing resource recovery facilities and transfer stations serving such facilities that may result from the establishment of the new facility is required in order to achieve the waste management objectives of the county. The county ordinance shall require appropriate procedures for termination or abandonment of any mixed municipal solid waste facilities or services, which shall include provision for long term monitoring for possible land pollution, and for the payment by the owners or operators thereof, or both, of any costs incurred by the county in completing the procedures. The county may require the procedures and payments with respect to any facilities or services regulated pursuant to this section. In the event the operators or owners fail to complete the procedures in accordance with the ordinance, the county may recover the costs of completion in a civil action in any court of competent jurisdiction or, in the discretion of the board, the costs may be certified to the county auditor as a special tax against the land to be collected as other taxes are collected. The ordinance may be enforced by injunction, action to compel performance, ~~or~~ other appropriate action in the district court, or

administrative penalty order authorized under section 116.072. Any ordinance enacted under this section shall embody minimum standards and requirements established by rule of the agency.

Sec. 46. Minnesota Statutes 1994, section 400.161, is amended to read:

400.161 [HAZARDOUS WASTE REGULATIONS.]

(a) The county may by ordinance establish and revise rules, regulations, and standards relating to (1) identification of hazardous waste, (2) the labeling and classification of hazardous waste, (3) the collection, transportation, processing, disposal, and storage of hazardous waste, and (4) other matters as may be determined necessary for the public health, welfare and safety. The county may issue permits or licenses for hazardous waste generation and may require the generators be registered with a county office. The ordinance may require appropriate procedures for the payment by the generator of any costs incurred by the county in completing such procedures. If the generator fails to complete such procedures, the county may recover the costs of completion in a civil action in any court of competent jurisdiction or, in the discretion of the board, the costs may be certified to the county auditor as a special tax against the land as other taxes are collected. The ordinance may be enforced by injunction, action to compel performance, ~~or~~ other action in district court, or administrative penalty order authorized under section 116.072. County hazardous waste ordinances shall embody and be consistent with agency hazardous waste rules. Counties shall submit adopted ordinances to the agency for review. In the event that agency rules are modified, each county shall modify its ordinances accordingly and shall submit the modification to the agency for review within 120 days. Issuing, denying, modifying, imposing conditions upon, or revoking permits or licenses and county hazardous waste regulations and ordinances shall be subject to review, denial, suspension, modification, and reversal by the pollution control agency. The pollution control agency shall after written notification have 15 days in the case of hazardous waste permits and licenses and 30 days in the case of hazardous waste ordinances to review, deny, suspend, modify, or reverse the action of the county. After this period, the action of the county board shall be final subject to appeal to the district court as provided in section 115.05.

(b) A county may not impose a fee under this section on material that is reused at the facility where the material is generated in a manner that the facility owner or operator can demonstrate does not increase the toxicity of, or the level of hazardous substances or pollutants or contaminants in, products that leave the facility.

Sec. 47. Minnesota Statutes 1994, section 473.149, subdivision 1, is amended to read:

Subdivision 1. [POLICY PLAN; GENERAL REQUIREMENTS.] The ~~metropolitan council shall prepare and by resolution adopt as part of its development guide a~~ director of the office of environmental assistance may revise the metropolitan long range policy plan for solid waste management ~~in the metropolitan area. When~~ adopted~~,~~ and revised by the metropolitan council prior to the transfer of powers and duties in Laws 1994, chapter 639, article 5, section 2. The plan shall be followed in the metropolitan area. Until the director revises it, the plan adopted and revised by the council on September 26, 1991, remains in effect. The plan shall address the state policies and purposes expressed in section 115A.02. In revising the plan the director shall ~~substantially conform to all policy statements, purposes, goals, standards, maps and plans in development guide sections and plans adopted by the council, provided that no land shall be thereby excluded from consideration as a solid waste facility site except land determined by the agency to be intrinsically unsuitable for such use~~ follow the procedures in subdivision 3. The plan shall include goals and policies for solid waste management, including recycling consistent with section 115A.551, and household hazardous waste management consistent with section 115A.96, subdivision 6, in the metropolitan area ~~and, to the extent appropriate, statements and information similar to that required under section 473.146, subdivision 1~~.

The plan shall include criteria and standards for solid waste facilities and solid waste facility sites respecting the following matters: general location; capacity; operation; processing techniques; environmental impact; effect on existing, planned, or proposed collection services and waste facilities; and economic viability. The plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plan

shall include additional criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan. In ~~developing~~ revising the plan, the ~~council~~ director shall consider the orderly and economic development, public and private, of the metropolitan area; the preservation and best and most economical use of land and water resources in the metropolitan area; the protection and enhancement of environmental quality; the conservation and reuse of resources and energy; the preservation and promotion of conditions conducive to efficient, competitive, and adaptable systems of waste management; and the orderly resolution of questions concerning changes in systems of waste management. Criteria and standards for solid waste facilities shall be consistent with rules adopted by the pollution control agency pursuant to chapter 116 and shall be at least as stringent as the guidelines, regulations, and standards of the federal Environmental Protection Agency.

Sec. 48. Minnesota Statutes 1994, section 473.149, subdivision 2d, is amended to read:

Subd. 2d. [LAND DISPOSAL ABATEMENT PLAN.] (a) ~~After considering any county land disposal abatement proposals and waste stream analysis that have been submitted under section 473.803, subdivision 1b,~~ The ~~council~~ director shall ~~amend its~~ include in the policy plan ~~to include~~ specific and quantifiable metropolitan objectives for abating to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste and of specific components of the solid waste stream, including residuals and ash, either by type of waste or class of generator.

(b) The objectives must be stated in ~~annual increments through the year 1990 and thereafter in five-year~~ six-year increments for a period of at least 20 years from the date of adoption of policy plan revisions. The plan must include a reduced estimate of the capacity, based on the ~~council's~~ abatement objectives, needed for the disposal of various types of waste in each ~~five-year~~ six-year increment ~~and the general area of the region where the capacity should be developed~~.

(c) The plan must include objectives for waste reduction and measurable objectives for local abatement of solid waste through resource recovery, recycling, and source separation programs for each metropolitan county stated in ~~annual increments through the year 1990 and in five-year~~ six-year increments for a period of at least 20 years from the date of adoption of policy plan revisions.

(d) The standards must be based upon and implement the ~~council's~~ metropolitan abatement objectives. The ~~council's~~ plan must include standards and procedures to be used by the ~~council~~ director in determining whether a metropolitan county has implemented the ~~council's~~ metropolitan land disposal abatement plan and has achieved the objectives for local abatement.

Sec. 49. Minnesota Statutes 1994, section 473.149, subdivision 2e, is amended to read:

Subd. 2e. [SOLID WASTE DISPOSAL ~~FACILITIES DEVELOPMENT SCHEDULE~~ CAPACITY NEEDS.] ~~(a)~~ After requesting and considering recommendations from the counties, cities, and towns, the ~~council~~ director as part of ~~its~~ the policy plan shall determine ~~the number of sites and~~ the capacity ~~of sites~~ needed ~~within~~ to serve the metropolitan area for disposal of solid waste ~~disposal facilities.~~

~~(b) The council shall adopt a schedule of disposal capacity to be developed within the metropolitan area,~~ including residuals and ash, in ~~five-year~~ six-year increments for a period of at least 20 years from adoption of ~~development schedule~~ policy plan revisions. In making the ~~schedule may not allow~~ capacity ~~in excess of~~ determination, the director must take into account the ~~council's~~ reduced estimate of ~~the~~ disposal capacity needed because of the ~~council's~~ land disposal abatement plan.

~~(c) The council shall make the implementation of elements of the schedule contingent on actions of each county in adopting and implementing abatement plans pursuant to section 473.803, subdivision 1b. The council may review the development schedule every year and revise the development schedule based on the progress made in the implementation of the council's abatement plans and achievement of metropolitan and local abatement objectives. The council shall review and revise, by resolution following public hearing, the development schedule based on significant changes in the landfill capacity of the metropolitan area. The schedule must include procedures and criteria for making revisions.~~

~~(d)~~ The ~~schedule~~ director's determination must include standards and procedures for ~~council~~ certification of need pursuant to section 473.823. ~~The schedule must also include a closure schedule and plans for postclosure management and disposition of facilities, including facilities in existence before the adoption of the development schedule.~~

Sec. 50. Minnesota Statutes 1994, section 473.149, subdivision 3, is amended to read:

Subd. 3. [PREPARATION ~~AND~~; ADOPTION; AND REVISION.] (a) The solid waste policy plan shall be prepared, adopted, and ~~amended~~ revised as necessary in accordance with paragraphs (c) to (e), after consultation with the metropolitan counties and the pollution control agency. ~~Any comprehensive plan adopted by the council shall remain in force and effect while new or amended plans are being prepared and adopted by the council. No~~

(b) Revisions to the policy plan are exempt from the rulemaking provisions of chapter 14.

(c) Before beginning preparation of revisions to the policy plan, the director shall publish a predrafting notice in the State Register that includes a statement of the subjects expected to be covered by the revisions, including a summary of the important problems and issues. The notice must solicit comments from the public and state that the comments must be received by the director within 45 days of publication of the notice. The director shall consider the comments in preparing the revisions.

(d) After publication of the predrafting notice and before adopting revisions to the policy plan, the director shall publish a notice in the State Register that:

(1) contains a summary of the proposed revisions;

(2) invites public comment;

(3) lists locations where the proposed revised policy plan can be reviewed and states that copies of the proposed revised policy plan can also be obtained from the office;

(4) states a location for a public meeting on the revisions at a time no earlier than 30 days from the date of publication; and

(5) advises the public that they have 30 days from the date of the public meeting in clause (4) to submit comments on the revisions to the director.

(e) At the meeting described in paragraph (d), clause (4), the public shall be given an opportunity to present their views on the policy plan revisions. The director shall incorporate any amendments to the proposed revisions that, in the director's view, will help to carry out the requirements of subdivisions 1, 2d, and 2e. At or before the time that policy plan revisions are finally adopted, the director shall issue a report that addresses issues raised in the public comments. The report shall be made available to the public and mailed to interested persons who have submitted their names and addresses to the director.

(f) The criteria and standards adopted in the policy plan for review of solid waste facility permits pursuant to section 473.823, subdivision 3; for issuance of certificates of need pursuant to section 473.823, subdivision 6; and for review of solid waste contracts pursuant to section 473.813 may be appealed to the court of appeals within 30 days after final adoption of the policy plan. The court may declare the challenged portion of the policy plan invalid if it violates constitutional provisions, is in excess of statutory authority of the director, or was adopted without compliance with the procedures in this subdivision. The review shall be on the record created during the adoption of the policy plan, except that additional evidence may be included in the record if the court finds that the additional evidence is material and there were good reasons for failure to present it in the proceedings described in paragraphs (c) to (e).

(g) The metropolitan council or a metropolitan county, local government unit, commission, or person shall not acquire, construct, improve or operate any solid waste facility in the metropolitan area except in accordance with the ~~council's~~ plan and section 473.823, provided that no solid waste facility in use when a plan is adopted shall be discontinued solely because it is not located in an area designated in the plan as acceptable for the location of such facilities.

Sec. 51. Minnesota Statutes 1994, section 473.149, subdivision 6, is amended to read:

Subd. 6. [REPORT TO LEGISLATURE.] The ~~council~~ director shall report on abatement to the legislative commission on waste management by July 1 of each odd-numbered year. The report must include an assessment of whether the objectives of the metropolitan abatement plan have been met and whether each county and each class of city within each county have achieved the objectives set for it in the ~~council's~~ plan. The report must recommend any legislation that may be required to implement the plan. The report shall ~~include the reports~~ be included in the report required by ~~sections 115A.551, subdivision 4; 473.846; and 473.848, subdivision 4~~ section 115A.411. If in any year the ~~council~~ director reports that the objectives of the ~~council's~~ abatement plan have not been met, the ~~council~~ director shall evaluate and report on the need to reassign governmental responsibilities among cities, counties, and metropolitan agencies to assure implementation and achievement of the metropolitan and local abatement plans and objectives.

The report ~~in each even-numbered year~~ must include a report on the operating, capital, and debt service costs of solid waste facilities in the metropolitan area; changes in the costs; the methods used to pay the costs; and the resultant allocation of costs among users of the facilities and the general public. The facility costs report must present the cost and financing analysis in the aggregate and broken down by county and by major facility.

Sec. 52. Minnesota Statutes 1994, section 473.803, subdivision 1c, is amended to read:

Subd. 1c. [COUNTY ABATEMENT PLAN.] Each county shall revise its master plan to include a land disposal abatement element to implement the ~~council's~~ metropolitan land disposal abatement plan adopted under section 473.149, subdivision 2d, and shall submit the revised master plan to the ~~council~~ director for review under subdivision 2 within nine months after the adoption of the ~~council's~~ metropolitan abatement plan. The county plan must implement the local abatement objectives for the county and cities within the county as stated in the ~~council's~~ metropolitan abatement plan. The county abatement plan must include specific and quantifiable county objectives, based on the ~~council's~~ objectives in the metropolitan abatement plan, for abating to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste and of specific components of the solid waste stream generated in the county, stated in ~~annual increments through the date specified in section 473.848 and in two five-year~~ six-year increments ~~thereafter~~ for a period of at least 20 years from the date of metropolitan policy plan revisions. The plan must include measurable performance standards for local abatement of solid waste through resource recovery and waste reduction and separation programs and activities for the county as a whole and for statutory or home rule charter cities of the first, second, and third class, respectively, in the county, stated in ~~annual increments through the date specified in section 473.848 and in two five-year~~ six-year increments ~~thereafter~~ for a period of at least 20 years from the date of metropolitan policy plan revisions. The performance standards must implement the metropolitan and county abatement objectives. The plan must include standards and procedures to be used by the county in determining annually under subdivision 3 whether a city within the county has implemented the plan and has satisfied the performance standards for local abatement. The master plan revision required by this subdivision must be prepared in consultation with the advisory committee established pursuant to subdivision 4.

Sec. 53. Minnesota Statutes 1994, section 473.803, subdivision 2, is amended to read:

Subd. 2. [~~COUNCIL~~ DIRECTOR REVIEW.] The ~~council~~ director shall review each master plan or revision thereof to determine whether it is consistent with the ~~council's~~ metropolitan policy plan. If it is not consistent, the ~~council~~ director shall disapprove and return the plan with its comments to the county for revision and resubmittal. The county shall have 90 days to revise and resubmit the plan for ~~council~~ the director's approval. Any county solid waste plan or report approved by the council prior to ~~April 9, 1976~~ July 1, 1994, shall remain in effect until a new master plan is submitted to and approved by the ~~council~~ director in accordance with this section.

The ~~council~~ director shall review the household hazardous waste management portion of each county's plan in cooperation with the agency.

Sec. 54. Minnesota Statutes 1994, section 473.803, subdivision 4, is amended to read:

Subd. 4. [ADVISORY COMMITTEE.] ~~By July 1, 1984,~~ Each county shall establish a solid waste management advisory committee to aid in the preparation of the county master plan, any revisions thereof, and such additional matters as the county deems appropriate. The committee must consist of citizen representatives, representatives from towns and cities within the county, and representatives from private waste management firms. The committee must include residents of towns or cities within the county containing solid waste disposal facilities. Members of the ~~council's~~ solid waste advisory committee established under section 473.149, subdivision 4, who reside in the county are ex officio members of the county advisory committee. ~~A representative of the metropolitan council~~ The director or the director's appointee is an ex officio member of the committee.

Sec. 55. Minnesota Statutes 1994, section 473.811, subdivision 5c, is amended to read:

Subd. 5c. [COUNTY ENFORCEMENT.] Each metropolitan county shall be responsible for insuring that waste facilities, solid waste collection operations licensed or regulated by the county and hazardous waste generation and collection operations are brought into conformance with, or terminated and abandoned in accordance with, applicable county ordinances; rules and requirements of the state; and the policy plan ~~of the council~~. Counties may provide by ordinance that operators or owners or both of such facilities or operations shall be responsible to the county for satisfactorily performing the procedures required. If operators or owners or both fail to perform, the county may recover the costs incurred by the county in completing the procedures in a civil action in any court of competent jurisdiction or, in the discretion of the board, the costs may be certified to the county auditor as a special tax against the land. The ordinances may be enforced by action in district court or administrative penalty order authorized under section 116.072. The county may prescribe a criminal penalty for the violation of any ordinance enacted under this section not exceeding the maximum which may be specified for a misdemeanor.

Sec. 56. Minnesota Statutes 1994, section 473.843, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF FEE; APPLICATION.] The operator of a mixed municipal solid waste disposal facility in the metropolitan area shall pay a fee on solid waste accepted and disposed at the facility as follows:

(a) A facility that weighs the waste that it accepts must pay a fee of $6.66 per ton of waste accepted at the entrance of the facility.

(b) A facility that does not weigh the waste but that measures the volume of the waste that it accepts must pay a fee of $2 per cubic yard of waste accepted at the entrance of the facility. This fee and the tipping fee must be calculated on the same basis.

(c) Waste residue, from recycling facilities at which recyclable materials are separated or processed for the purposes of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse, is exempt from the fee imposed by this subdivision if there is at least an 85 percent ~~volume~~ weight reduction in the solid waste processed. To qualify for exemption under this clause, waste residue must be brought to a disposal facility separately. The commissioner of revenue, with the advice and assistance of the ~~council~~ director and the agency, shall prescribe procedures for determining the amount of waste residue qualifying for exemption.

Sec. 57. Minnesota Statutes 1994, section 473.846, is amended to read:

473.846 [REPORT TO LEGISLATURE.]

The agency and ~~metropolitan council~~ the director shall submit to the senate finance committee, the house ways and means committee, and the legislative commission on waste management separate reports describing the activities for which money from the landfill abatement account and contingency action trust fund has been spent. The agency shall report by November 1 of each year on expenditures during its previous fiscal year. The ~~council~~ director shall report on expenditures during the previous calendar year and must incorporate its report in the report required by section ~~473.149~~ 115A.411, due July 1 of each odd-numbered year. The ~~council~~ director shall make recommendations to the legislative commission on waste management on the future management and use of the metropolitan landfill abatement account.

Sec. 58. [480.0515] [PAPERS TO BE SUBMITTED ON RECYCLED PAPER.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Attorney" means an attorney at law admitted to practice law in this state.

(c) "Document" means a document that is required or permitted to be filed with a court concerning an action that is to be commenced or is pending before the court.

Subd. 2. [REQUIREMENT.] (a) Except as provided in subdivision 3, a document submitted by an attorney to a court of this state, and all papers appended to the document, must be submitted on paper containing not less than ten percent postconsumer material, as defined in section 115A.03, subdivision 24b.

(b) A court may not refuse a document solely because the document was not submitted on recycled paper.

Subd. 3. [EXCEPTIONS.] (a) Subdivision 1 does not apply to:

(1) a photograph;

(2) an original document that was prepared or printed before January 1, 1996;

(3) a document that was not created at the direction or under the control of the submitting attorney;

(4) a facsimile copy otherwise permitted to be filed with the court in lieu of the original document, provided that if the original is also required to be filed, it must be submitted in compliance with this section; or

(5) nonrecycled paper and preprinted forms acquired or printed before January 1, 1996.

(b) This section does not apply if recycled paper is not readily available.

Sec. 59. Laws 1994, chapter 585, section 51, is amended to read:

Sec. 51. [ELECTRONIC APPLIANCES; REPORT.]

By ~~July~~ August 1, 1995, the director of the office of waste management, in consultation with the commissioner of the pollution control agency and counties, shall submit a report to the legislative commission on waste management regarding management of waste electronic appliances that:

(1) identifies types of electronic appliances that contain materials that pose problems in the solid waste management system;

(2) explains how those waste appliances are presently managed and identifies any adverse environmental effects of present management; and

(3) recommends, if necessary, legislation to govern management of waste electronic appliances.

For the purposes of this section, "electronic appliances" includes at least audio, video, computing, printing, communication, and telecommunication equipment and apparatuses that contain electronic components, including but not limited to radios, televisions, computers, computer printers, small electronic kitchen appliances, telefacsimile equipment, and household and commercial communication transmission and reception equipment, but does not include major appliances as defined in Minnesota Statutes, section 115A.03, subdivision 17a.

Sec. 60. Laws 1994, chapter 628, article 3, section 209, is amended to read:

Sec. 209. [REPEALER.]

(a) Minnesota Statutes 1992, sections 115A.03, subdivision 20; ~~115A.33;~~ 174.22, subdivision 4; 473.121, subdivisions 15 and 21; 473.122; 473.146, subdivisions 2, 2a, 2b, and 2c; 473.153; 473.161; 473.163; 473.181, subdivision 3; 473.325, subdivision 5; 473.384, subdivision 9;

473.388, subdivision 6; 473.404, as amended by Laws 1993, chapter 119, section 1; 473.405, subdivisions 2, 6, 7, 8, 11, 13, and 14; 473.417; 473.435; 473.436, subdivision 7; 473.445, subdivisions 1 and 3; 473.501, subdivision 2; 473.503; 473.504, subdivisions 1, 2, 3, 7, and 8; 473.511, subdivision 5; 473.517, subdivision 8; 473.543, subdivision 5; and 473.553, subdivision 4a, are repealed.

(b) Minnesota Statutes 1992, sections 473.121, subdivision 14a; 473.141, as amended by Laws 1993, chapter 314, sections 3 and 4; 473.373, as amended by Laws 1993, chapter 314, section 5; 473.375, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 10, 16, 17, and 18; 473.377; 473.38; Minnesota Statutes 1993 Supplement, section 473.3996, are repealed.

Sec. 61. [REPORT.]

The commissioner of the pollution control agency and the agency board shall each, by February 1, 1996, report to the chairs of the senate governmental operations and veterans committee, and the house of representatives governmental operations committee on the effect of the agency board's activities on the agency's ability to operate in a timely, efficient, and effective manner. The report must include recommended changes to improve the agency's ability to further the policy in Minnesota Statutes, section 116.01.

Sec. 62. [TEMPORARY EXEMPTION FOR CARPET RECYCLING FACILITIES.]

Until August 1, 1996, waste residue from a used carpet recycling facility is exempt from the fee imposed by Minnesota Statutes, section 473.843, if there is at least a 50 percent weight reduction in the solid waste processed at the facility. For the purposes of this section, "used carpet" means carpet that is no longer suitable for its original intended purpose because of wear, damage, or defect.

Sec. 63. [STUDY ON BARRIERS TO INCREASED RECYCLING OF CORRUGATED PAPER PRODUCTS AND USED CARPETING.]

By November 1, 1995, the office of environmental assistance shall conduct an analysis and make recommendations to the legislative commission on waste management regarding measures to remove barriers that prevent increased recycling of corrugated paper products and used carpeting. For purposes of this section, "corrugated paper products" means boxes, containers, liners, sheets, or other products made from corrugated paper. "Used carpeting" means carpeting that is no longer suitable for its original intended purpose because of wear, damage, or defect.

Sec. 64. [REENACTMENT.]

Notwithstanding Minnesota Statutes, section 645.36, Minnesota Statutes 1992, section 115A.33, as repealed by Laws 1994, chapter 628, article 3, section 209, is reenacted.

Sec. 65. [APPLICATION.]

Sections 47 to 57 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 66. [INSTRUCTION TO REVISOR.]

The revisor shall recodify Minnesota Statutes, sections 115A.47, subdivision 2, paragraphs (b), (d), and (g), and 115A.931, paragraph (b), as definitions in Minnesota Statutes, section 115A.03, and recast the language as necessary to conform to the other definitions in that section.

Sec. 67. [REPEALER.]

(a) Minnesota Statutes 1994, sections 116.94; 473.149, subdivisions 2, 2a, 2c, and 2f; and 473.803, subdivision 1b, are repealed.

(b) Minnesota Statutes 1994, section 473.803, subdivision 1e, is repealed.

(c) Minnesota Statutes 1994, section 115A.165, is repealed.

Sec. 68. [EFFECTIVE DATE.]

Sections 4, 5, 37, 47 to 54, 59, 66, and 67, paragraph (a), are effective on the day following final enactment.

Sections 8 and 9 are effective on June 15, 1995.

Section 58 is effective January 1, 1996.

ARTICLE 2

TECHNICAL

Section 1. Minnesota Statutes 1994, section 115A.055, is amended to read:

115A.055 [OFFICE OF ENVIRONMENTAL ASSISTANCE.]

Subdivision 1. [ORGANIZATION OF OFFICE.] The office of environmental assistance is an agency in the executive branch headed by a director appointed by the commissioner of the pollution control agency, with the advice and consent of the senate, to serve in the unclassified service. The director may appoint two assistant directors in the unclassified service and may appoint other employees, as needed, in the classified service. The office is a department of the state only for purposes of section 16B.37, subdivision 2.

Subd. 2. [TRANSFER OF ADDITIONAL POWERS AND DUTIES.] After July 1, 1994, the solid and hazardous waste management powers and duties of the office and director transferred to them from the metropolitan council by Laws 1994, chapter 639, article 5, section 2, are governed by sections 473.149, 473.151, and 473.801 to 473.849.

Sec. 2. Minnesota Statutes 1994, section 115A.07, subdivision 3, is amended to read:

Subd. 3. [UNIFORM WASTE STATISTICS; RULES.] The director, after consulting with the commissioner, ~~the metropolitan council,~~ local government units, and other interested persons, may adopt rules to establish uniform methods for collecting and reporting waste reduction, generation, collection, transportation, storage, recycling, processing, and disposal statistics necessary for proper waste management and for reporting required by law. Prior to publishing proposed rules, the director shall submit draft rules to the legislative commission on waste management for review and comment. Rules adopted under this subdivision apply to all persons and units of government in the state for the purpose of collecting and reporting waste-related statistics requested under or required by law.

Sec. 3. Minnesota Statutes 1994, section 115A.072, subdivision 1, is amended to read:

Subdivision 1. [WASTE EDUCATION COALITION.] (a) The director shall provide for the development and implementation of a program of general public education on waste management in cooperation and coordination with the pollution control agency, ~~metropolitan council,~~ department of education, department of agriculture, environmental quality board, environmental education board, educational institutions, other public agencies with responsibility for waste management or public education, and three other persons who represent private industry and who have knowledge of or expertise in recycling and solid waste management issues. The objectives of the program are to: develop increased public awareness of and interest in environmentally sound waste management methods; encourage better informed decisions on waste management issues by business, industry, local governments, and the public; and disseminate practical information about ways in which households and other institutions and organizations can improve the management of waste.

(b) The director shall appoint an advisory task force, to be called the waste education coalition, of up to 18 members to advise the director in carrying out the director's responsibilities under this section and whose membership represents the agencies and entities listed in this subdivision. The task force expires on June 30, 1997.

Sec. 4. Minnesota Statutes 1994, section 115A.12, is amended to read:

115A.12 [ADVISORY COUNCILS.]

(a) The director shall establish a solid waste management advisory council, a hazardous waste

management planning council, and a market development coordinating council, that are broadly representative of the geographic areas and interests of the state.

(b) The solid waste council shall have not less than nine nor more than 21 members. The membership of the solid waste council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives from private solid waste management firms. The solid waste council shall contain at least three members experienced in the private recycling industry and at least one member experienced in each of the following areas: state and municipal finance; solid waste collection, processing, and disposal; and solid waste reduction and resource recovery.

(c) The hazardous waste council shall have not less than nine nor more than 18 members. The membership of the hazardous waste advisory council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives of hazardous waste generators and private hazardous waste management firms.

(d) The market development coordinating council shall have not less than nine nor more than 18 members and shall consist of one representative from the department of trade and economic development, the department of administration, the pollution control agency, Minnesota Technology, Inc., ~~the metropolitan council,~~ and the legislative commission on waste management. The other members shall represent local government units, private recycling markets, and private recycling collectors. The market development coordinating council expires June 30, 1997.

(e) The chairs of the advisory councils shall be appointed by the director. The director shall provide administrative and staff services for the advisory councils. The advisory councils shall have such duties as are assigned by law or the director. The solid waste advisory council shall make recommendations to the office on its solid waste management activities. The hazardous waste advisory council shall make recommendations to the office on its activities under sections 115A.08, 115A.09, 115A.10, 115A.11, 115A.20, 115A.21, and 115A.24. Members of the advisory councils shall serve without compensation but shall be reimbursed for their reasonable expenses as determined by the director. The solid waste management advisory council and the hazardous waste management planning council expire June 30, 1997.

Sec. 5. Minnesota Statutes 1994, section 115A.14, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The commission shall oversee the activities of the office~~,~~ and agency~~, and metropolitan council~~ relating to solid and hazardous waste management, and direct such changes or additions in the work plan of the office~~,~~ and agency~~, and council~~ relating to solid and hazardous waste management as the commission deems fit.

(b) The commission shall make recommendations to the standing legislative committees on finance and appropriations for appropriations from the environmental response, compensation, and compliance account in the environmental fund under section 115B.20, subdivision 5.

(c) The commission may conduct public hearings and otherwise secure data and expressions of opinion. The commission shall make such recommendations as it deems proper to assist the legislature in formulating legislation. Any data or information compiled by the commission shall be made available to any standing or interim committee of the legislature upon request of the chair of the respective committee.

Sec. 6. Minnesota Statutes 1994, section 115A.15, subdivision 9, is amended to read:

Subd. 9. [RECYCLING GOAL.] By December 31, 1993, the commissioner shall recycle at least 40 percent by weight of the solid waste generated by state offices and other state operations located in the metropolitan area. By March 1 of each year the commissioner shall report to the office ~~and the metropolitan council~~ the estimated recycling rates by county for state offices and other state operations in the metropolitan area for the previous calendar year. The office shall incorporate these figures into the reports submitted by the counties under section 115A.557, subdivision 3, to determine each county's progress toward the goal in section 115A.551, subdivision 2.

Each state agency in the metropolitan area shall work to meet the recycling goal individually. If

the goal is not met by an agency, the commissioner shall notify that agency that the goal has not been met and the reasons the goal has not been met and shall provide information to the employees in the agency regarding recycling opportunities and expectations.

Sec. 7. Minnesota Statutes 1994, section 115A.191, subdivision 1, is amended to read:

Subdivision 1. [OFFICE TO SEEK CONTRACTS.] The office ~~of waste management~~ and any eligible county board may enter a contract as provided in this section expressing their voluntary and mutually satisfactory agreement concerning the location and development of a stabilization and containment facility. The director shall negotiate contracts with eligible counties and shall present drafts of the negotiated contracts to the office for its approval. The director shall actively solicit, encourage, and assist counties, together with developers, landowners, the local business community, and other interested parties, in developing resolutions of interest. The county shall provide affected political subdivisions and other interested persons with an opportunity to suggest contract terms.

Sec. 8. Minnesota Statutes 1994, section 115A.191, subdivision 2, is amended to read:

Subd. 2. [RESOLUTION OF INTEREST IN NEGOTIATING; ELIGIBILITY.] A county is eligible to negotiate a contract under this section if the county board files with the office ~~of waste management~~ and the office accepts a resolution adopted by the county board that expresses the county board's interest in negotiations and its willingness to accept the preliminary evaluation of one or more study areas in the county for consideration as a location of a stabilization and containment facility. The county board resolution expressing interest in negotiations must provide for county cooperation with the office, as necessary to facilitate the evaluation of study areas in the county, and for the appointment of a member of the county board or an officer or employee of the county as official liaison with the office with respect to the matters provided in the resolution and future negotiations with the office. A county board by resolution may withdraw a resolution of interest, and the office ~~of waste management~~ may withdraw its acceptance of such a resolution, at any time before the parties execute a contract under this section. A county that is eligible to negotiate a contract shall receive the benefits as provided in section 477A.012.

Sec. 9. Minnesota Statutes 1994, section 115A.32, is amended to read:

115A.32 [RULES.]

The board shall promulgate rules pursuant to chapter 14 to govern its activities under sections 115A.32 to 115A.39. For the purposes of sections 115A.32 to 115A.39, "board" means the environmental quality board established in section 116C.03. In all of its activities and deliberations under sections 115A.32 to 115A.39, the board shall consult with the director of the office ~~of waste management~~.

Sec. 10. Minnesota Statutes 1994, section 115A.42, is amended to read:

115A.42 [ESTABLISHMENT AND ADMINISTRATION.]

There is established a program to encourage and improve regional and local solid waste management planning activities and efforts and to further the state policies and purposes expressed in section 115A.02. The program under sections 115A.42 to 115A.46 is administered by the ~~office~~ director pursuant to rules promulgated under chapter 14, except in the metropolitan area where the program is administered by the ~~metropolitan council pursuant to chapter 473~~ director pursuant to section 473.149. The ~~office and the metropolitan council~~ director shall ensure conformance with federal requirements and programs established pursuant to the Resource Conservation and Recovery Act of 1976 and amendments thereto.

Sec. 11. Minnesota Statutes 1994, section 115A.45, is amended to read:

115A.45 [TECHNICAL ASSISTANCE.]

The director ~~and metropolitan council~~ shall provide for technical assistance to encourage and improve solid waste management and to assist political subdivisions in preparing the plans described in section 115A.46. The director ~~and metropolitan council~~ shall provide model plans for regional and local solid waste management. The director ~~and metropolitan council~~ may contract

for the delivery of technical assistance by a regional development commission, any state or federal agency, private consultants, or other persons. The director shall prepare and publish an inventory of sources of technical assistance for solid waste planning, including studies, publications, agencies, and persons available.

Sec. 12. Minnesota Statutes 1994, section 115A.46, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] (a) Plans shall address the state policies and purposes expressed in section 115A.02 and may not be inconsistent with state law.

(b) Plans for the location, establishment, operation, maintenance, and postclosure use of facilities and facility sites, for ordinances, and for licensing, permit, and enforcement activities shall be consistent with the rules adopted by the agency pursuant to chapter 116.

(c) Plans shall address:

(1) the resolution of conflicting, duplicative, or overlapping local management efforts;

(2) the establishment of joint powers management programs or waste management districts where appropriate; and

(3) other matters as the rules of the office may require consistent with the purposes of sections 115A.42 to 115A.46.

(d) Political subdivisions preparing plans under sections 115A.42 to 115A.46 shall consult with persons presently providing solid waste collection, processing, and disposal services.

(e) Plans must be submitted to the director~~, or the metropolitan council pursuant to section 473.803,~~ for approval. When a county board is ready to have a final plan approved, the county board shall submit a resolution requesting review and approval by the director ~~or the metropolitan council~~. After receiving the resolution, the director ~~or the metropolitan council~~ shall notify the county within 45 days whether the plan as submitted is complete and, if not complete, the specific items that need to be submitted to make the plan complete. Within 90 days after a complete plan has been submitted, the director ~~or the metropolitan council~~ shall approve or disapprove the plan. If the plan is disapproved, reasons for the disapproval must be provided.

(f) After initial approval, each plan must be updated and submitted for approval every five years. The plan must be revised as necessary so that it is not inconsistent with state law.

Sec. 13. Minnesota Statutes 1994, section 115A.5501, subdivision 2, is amended to read:

Subd. 2. [MEASUREMENT; PROCEDURES.] To measure the overall percentage of packaging in the statewide solid waste stream, the director ~~and the chair of the metropolitan council~~, in consultation with the commissioner, shall ~~each~~ conduct ~~an~~ annual solid waste composition ~~study~~ studies in the nonmetropolitan and metropolitan areas ~~respectively~~ or shall develop an alternative method that is as statistically reliable as a waste composition study to measure the percentage of packaging in the waste stream.

~~The chair of the council shall submit the results from the metropolitan area to the director by May 1 of each year.~~ The director shall average the nonmetropolitan and metropolitan results and submit the statewide percentage, along with a statistically reliable margin of error, to the legislative commission on waste management by July 1 of each year. The 1994 report must include a discussion of the reliability of data gathered under this subdivision and the methodology used to determine a statistically reliable margin of error.

Sec. 14. Minnesota Statutes 1994, section 115A.5501, subdivision 3, is amended to read:

Subd. 3. [FACILITY COOPERATION AND REPORTS.] The owner or operator of a facility shall allow access upon reasonable notice to authorized office~~,~~ or agency~~, or metropolitan council~~ staff for the purpose of conducting waste composition studies or otherwise assessing the amount of total packaging in the waste delivered to the facility under this section.

Beginning in 1993, by February 1 of each year the owner or operator of a facility governed by

this subdivision shall submit a report to the commissioner, on a form prescribed by the commissioner, specifying the total amount of solid waste received by the facility between January 1 and December 31 of the previous year. The commissioner shall calculate the total amount of solid waste delivered to solid waste facilities from the reports received from the facility owners or operators and shall report the aggregate amount to the director by April 1 of each year. The commissioner shall assess a nonforgivable administrative penalty under section 116.072 of $500 plus any forgivable amount necessary to enforce this subdivision on any owner or operator who fails to submit a report required by this subdivision.

Sec. 15. Minnesota Statutes 1994, section 115A.551, subdivision 5, is amended to read:

Subd. 5. [FAILURE TO MEET GOAL.] (a) A county failing to meet the interim goals in subdivision 3 shall, as a minimum:

(1) notify county residents of the failure to achieve the goal and why the goal was not achieved; and

(2) provide county residents with information on recycling programs offered by the county.

(b) If, based on the recycling monitoring described in subdivision 4, the director ~~or the metropolitan council~~ finds that a county will be unable to meet the recycling goals established in subdivisions 2 and 2a, the director ~~or council~~ shall, after consideration of the reasons for the county's inability to meet the goals, recommend legislation for consideration by the legislative commission on waste management to establish mandatory recycling standards and to authorize the director ~~or council~~ to mandate appropriate solid waste management techniques designed to meet the standards in those counties that are unable to meet the goals.

Sec. 16. Minnesota Statutes 1994, section 115A.558, is amended to read:

115A.558 [SAFETY GUIDE.]

The pollution control agency, in cooperation with the office ~~of waste management and the metropolitan council~~, shall prepare and distribute to all interested persons a guide for operation of a recycling or yard waste composting facility to protect the environment and public health.

Sec. 17. Minnesota Statutes 1994, section 115A.63, subdivision 3, is amended to read:

Subd. 3. [RESTRICTIONS.] No waste district shall be established within the boundaries of the Western Lake Superior Sanitary District established under chapter 458D. No waste district shall be established wholly within one county. The director shall not establish a waste district within or extending into the metropolitan area, nor define or alter the powers or boundaries of a district, ~~without the approval of the metropolitan council. The council shall not approve a district~~ unless the articles of incorporation of the district require that the district will have the same procedural and substantive responsibilities, duties, and relationship to the metropolitan agencies as a metropolitan county. The director shall require the completion of a comprehensive solid waste management plan conforming to the requirements of section 115A.46, by petitioners seeking to establish a district.

Sec. 18. Minnesota Statutes 1994, section 115A.84, subdivision 3, is amended to read:

Subd. 3. [PLAN APPROVAL.] (a) A district or county planning a designation ~~for waste generated wholly within the metropolitan area defined in section 473.121 shall submit its designation plan to the metropolitan council for review and approval or disapproval. Other districts or counties~~ shall submit the designation plan to the director for review and approval or disapproval.

(b) The ~~reviewing authority~~ director shall complete ~~its~~ the review and make ~~its~~ a decision within 120 days following submission of the plan for review. The ~~reviewing authority~~ director shall approve the designation plan if the plan satisfies the requirements of subdivision 2 and, in the case of designation to disposal facilities, if the ~~reviewing authority~~ director finds that the plan has demonstrated that the designation is necessary and is consistent with section 115A.02. The ~~reviewing authority~~ director may attach conditions to ~~its~~ the approval that relate to matters required in a designation ordinance under section 115A.86, subdivision 1, paragraph (a), clauses

(1) to (4), and paragraph (b). Amendments to plans must be submitted for review in accordance with this subdivision.

Sec. 19. Minnesota Statutes 1994, section 115A.86, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] A district or county ~~whose designation applies wholly within the metropolitan area defined in section 473.121 shall submit the designation ordinance, together with any negotiated contracts assuring the delivery of solid waste, to the metropolitan council for review and approval or disapproval. Other districts or counties~~ shall submit the designation ordinance, together with any negotiated contracts assuring the delivery of solid waste, to the director for review and approval or disapproval. The director shall complete the review and make a decision within 90 days following submission of the designation for review. The director shall approve the designation if the director determines that the designation procedure specified in section 115A.85 was followed and that the designation is based on a plan approved under section 115A.84. The director may attach conditions to the approval.

Sec. 20. Minnesota Statutes, 1994, section 115A.951, subdivision 4, is amended to read:

Subd. 4. [COLLECTION OF USED DIRECTORIES.] Each publisher or distributor of telephone directories shall:

(1) provide for the collection and delivery to a recycler of waste telephone directories;

(2) inform recipients of directories of the collection system; and

(3) submit a report to the office ~~of waste management~~ by August 1 of each year that specifies the percentage of distributed directories collected as waste directories by distribution area and the locations where the waste directories were delivered for recycling and that verifies that the directories have been recycled.

Sec. 21. Minnesota Statutes 1994, section 115A.97, subdivision 5, is amended to read:

Subd. 5. [PLANS; REPORT.] A county solid waste plan, or revision of a plan, that includes incineration of mixed municipal solid waste must clearly state how the county plans to meet the goals in subdivision 1 of reducing the toxicity and quantity of incinerator ash and of reducing the quantity of processing residuals that require disposal. The director, in cooperation with the agency, and the counties, ~~and the metropolitan council,~~ may develop guidelines for counties to use to identify ways to meet the goals in subdivision 1.

~~The director, in cooperation with the agency, the counties, and the metropolitan council, shall develop and propose statewide goals and timetables for the reduction of the noncombustible fraction of mixed municipal solid waste prior to incineration or processing into refuse derived fuel and for the reduction of the toxicity of the incinerator ash. By January 1, 1990, the director shall report to the legislative commission on waste management on the proposal goals and timetables with recommendations for their implementation.~~

Sec. 22. Minnesota Statutes 1994, section 115A.97, subdivision 6, is amended to read:

Subd. 6. [PERMITS; AGENCY REPORT.] An application for a permit to build or operate a mixed municipal solid waste incinerator, including an application for permit renewal, must clearly state how the applicant will achieve the goals in subdivision 1 of reducing the toxicity and quantity of incinerator ash and of reducing the quantity of processing residuals that require disposal. The agency, in cooperation with the director, and the counties, ~~and the metropolitan council,~~ may develop guidelines for applicants to use to identify ways to meet the goals in subdivision 1.

If, by January 1, 1990, the rules required by subdivision 3 are not in at least final draft form, the agency shall report to the legislative commission on waste management on the status of current incinerator ash management programs with recommendations for specific legislation to meet the goals of subdivision 1.

Sec. 23. Minnesota Statutes 1994, section 115A.981, subdivision 3, is amended to read:

Subd. 3. [REPORT.] (a) The commissioner shall report to the legislative commission on waste

management by July 1 of each odd-numbered year on the economic status and outlook of the state's solid waste management sector including an estimate of the extent to which prices for solid waste management paid by consumers reflect costs related to environmental and public health protection, including a discussion of how prices are publicly and privately subsidized and how identified costs of waste management are not reflected in the prices.

(b) In preparing the report, the commissioner shall:

(1) consult with the director; ~~the metropolitan council;~~ local government units; solid waste collectors, transporters, and processors; owners and operators of solid waste facilities; and other interested persons;

(2) consider and analyze information received under subdivision 2 and information available under section 115A.929; and

(3) analyze information gathered and comments received relating to the most recent solid waste management policy report prepared under section 115A.411.

The commissioner shall also recommend any legislation necessary to ensure adequate and reliable information needed for preparation of the report.

(c) The report must also include:

(1) statewide and facility by facility estimates of the total potential costs and liabilities associated with solid waste disposal facilities for closure and postclosure care, response costs under chapter 115B, and any other potential costs, liabilities, or financial responsibilities;

(2) statewide and facility by facility requirements for proof of financial responsibility under section 116.07, subdivision 4h, and how each facility is meeting those requirements.

Sec. 24. Minnesota Statutes 1994, section 473.149, subdivision 4, is amended to read:

Subd. 4. [ADVISORY COMMITTEE.] The ~~council~~ director shall establish an advisory committee to aid in the preparation of the policy plan, the performance of the ~~council's~~ director's responsibilities under subdivisions ~~2 to~~ 2d and 2e, the review of county master plans and reports and applications for permits for waste facilities, under sections 473.151, and 473.801 to 473.823, ~~and 473.831,~~ and other duties determined by the ~~council~~ director. The committee shall consist of one-third citizen representatives, one-third representatives from metropolitan counties and municipalities, and one-third representatives from private waste management firms. A representative from the pollution control agency, ~~one from the office of waste management established under section 115A.055,~~ and one from the Minnesota health department shall serve as ex officio members of the committee.

Sec. 25. Minnesota Statutes 1994, section 473.151, is amended to read:

473.151 [DISCLOSURE.]

For the purpose of the rules, plans, and reports required or authorized by sections 473.149, 473.516, 473.801 to 473.823 and this section, each generator of hazardous waste and each owner or operator of a collection service or waste facility annually shall make the following information available to the agency, council, office of environmental assistance, and metropolitan counties: a schedule of rates and charges in effect or proposed for a collection service or the processing of waste delivered to a waste facility and a description, in aggregate amounts indicating the general character of the solid and hazardous waste collection and processing system, of the types and the quantity, by types, of waste generated, collected, or processed. The county, council, office, and agency shall act in accordance with the provisions of section 116.075, subdivision 2, with respect to information for which confidentiality is claimed.

Sec. 26. Minnesota Statutes 1994, section 473.516, subdivision 2, is amended to read:

Subd. 2. [GENERAL REQUIREMENTS.] With respect to its activities under this section, the council shall be subject to and comply with the applicable provisions of this chapter. Property acquired by the council under this section shall be subject to the provisions of section 473.545.

Any site or facility owned or operated for or by the council shall conform to the policy plan adopted ~~by the council~~ under section 473.149. The council shall contract with private persons for the construction, maintenance, and operation of waste facilities, subject to the bidding requirements of section 473.523, where the facilities are adequate and available for use and competitive with other means of providing the same service.

Sec. 27. Minnesota Statutes 1994, section 473.801, subdivision 1, is amended to read:

Subdivision 1. [TERMS.] For the purposes of sections 473.801 to ~~473.845 and Laws 1985, chapter 274, section 45~~ 473.849, the terms defined in this section have the meanings given them.

Sec. 28. Minnesota Statutes 1994, section 473.801, is amended by adding a subdivision to read:

Subd. 5. [DIRECTOR.] "Director" means the director of the office of environmental assistance.

Sec. 29. Minnesota Statutes 1994, section 473.801, is amended by adding a subdivision to read:

Subd. 6. [OFFICE.] "Office" means the office of environmental assistance.

Sec. 30. Minnesota Statutes 1994, section 473.8011, is amended to read:

473.8011 [METROPOLITAN AGENCY RECYCLING GOAL.]

By December 31, 1993, the metropolitan council, each metropolitan agency as defined in section 473.121, and the metropolitan mosquito control district established in section 473.702 shall recycle at least 40 percent by weight of the solid waste generated by their offices or other operations. The ~~council~~ director shall provide information and technical assistance to the council, agencies, and the district to implement effective recycling programs.

By August 1 of each year, the council, each agency, and the district shall submit to the office ~~of waste management~~ a report for the previous fiscal year describing recycling rates, specified by the county in which the council, agency, or operation is located, and progress toward meeting the recycling goal. The office shall incorporate the recycling rates reported in the respective county's recycling rates for the previous fiscal year.

If the goal is not met, the council, agency, or district must include in its 1994 report reasons for not meeting the goal and a plan for meeting it in the future.

Sec. 31. Minnesota Statutes 1994, section 473.803, subdivision 1, is amended to read:

Subdivision 1. [COUNTY MASTER PLANS; GENERAL REQUIREMENTS.] Each metropolitan county, following adoption or revision of the ~~council's solid waste~~ metropolitan policy plan and in accordance with the dates specified therein, and after consultation with all affected local government units, shall prepare and submit to ~~the council for its~~ the director for approval, a county solid waste master plan to implement the policy plan. The master plan shall be revised and resubmitted at such times as the ~~council's~~ metropolitan policy plan may require. The master plan shall describe county solid waste activities, functions, and facilities; the existing system of solid waste generation, collection, and processing, and disposal within the county; proposed mechanisms for complying with the recycling requirements of section 115A.551, and the household hazardous waste management requirements of section 115A.96, subdivision 6; existing and proposed county and municipal ordinances and license and permit requirements relating to solid waste facilities and solid waste generation, collection, and processing, and disposal; existing or proposed municipal, county, or private solid waste facilities and collection services within the county together with schedules of existing rates and charges to users and statements as to the extent to which such facilities and services will or may be used to implement the policy plan; and any solid waste facility which the county owns or plans to acquire, construct, or improve together with statements as to the planned method, estimated cost and time of acquisition, proposed procedures for operation and maintenance of each facility; an estimate of the annual cost of operation and maintenance of each facility; an estimate of the annual gross revenues which will be received from the operation of each facility; and a proposal for the use of each facility after it is no longer needed or usable as a waste facility. The master plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated

by public agencies or supported primarily by public funds or obligations issued by a public agency, the master plan shall contain criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan.

Sec. 32. Minnesota Statutes 1994, section 473.803, subdivision 2a, is amended to read:

Subd. 2a. [WASTE ABATEMENT.] The ~~council~~ director may require any county that fails to meet the waste abatement objectives contained in the ~~council's~~ metropolitan policy plan to amend its master plan to address methods to achieve the objectives. The master plan amendment is subject to ~~council~~ review and approval as provided in subdivision 2 and must consider at least:

(1) minimum recycling service levels for solid waste generators;

(2) mandatory generator participation in recycling programs including separation of recyclable material from mixed municipal solid waste;

(3) use of organized solid waste collection under section 115A.94; and

(4) waste abatement participation incentives including provision of storage bins, weekly collection of recyclable material, expansion of the types of recyclable material for collection, collection of recyclable material on the same day as collection of solid waste, and financial incentives such as basing charges to generators for waste collection services on the volume of waste generated and discounting collection charges for generators who separate recyclable material for collection separate from their solid waste.

Sec. 33. Minnesota Statutes 1994, section 473.803, subdivision 3, is amended to read:

Subd. 3. [ANNUAL REPORT.] By April 1 of each year, each metropolitan county shall prepare and submit to the ~~council~~ director for ~~its~~ approval a report containing information, as ~~the council may prescribe~~ prescribed in ~~its~~ the metropolitan policy plan, concerning solid waste generation and management within the county. The report shall include a statement of progress in achieving the land disposal abatement objectives for the county and classes of cities in the county as stated in the ~~council's~~ metropolitan policy plan and county master plan. The report must list cities that have not satisfied the county performance standards for local abatement required by subdivision 1c. The report must include a schedule of rates and charges in effect or proposed for the use of any solid waste facility owned or operated by or on its behalf, together with a statement of the basis for such charges.

The report shall contain the recycling development grant report required by section 473.8441 and the annual certification report required by section 473.848.

Sec. 34. Minnesota Statutes 1994, section 473.803, subdivision 5, is amended to read:

Subd. 5. [ROLE OF PRIVATE SECTOR; COUNTY OVERSIGHT.] A county may include in its solid waste management master plan and in its plan for county land disposal abatement a determination that the private sector will achieve, either in part or in whole, the goals and requirements of sections 473.149 and 473.803, as long as the county:

(1) retains active oversight over the efforts of the private sector and monitors performance to ensure compliance with the law and the goals and standards ~~of~~ in the ~~council and the county as expressed in the~~ metropolitan ~~solid waste management~~ policy plan and the county master plan;

(2) continues to meet its responsibilities under the law for ensuring proper waste management, including, at a minimum, enforcing waste management law, providing waste education, promoting waste reduction, and providing its residents the opportunity to recycle waste materials; and

(3) continues to provide all required reports on the county's progress in meeting the waste management goals and standards of this chapter and chapter 115A.

Sec. 35. Minnesota Statutes 1994, section 473.804, is amended to read:

473.804 [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT.]

By June 30, 1992, each metropolitan county shall develop and implement a permanent program to manage household hazardous waste. Each program must include at least quarterly collection of wastes. Each program must be consistent with the ~~council's~~ metropolitan policy plan and must be described as part of each county's solid waste master plan revision as required under section 473.803, subdivision 1.

Sec. 36. Minnesota Statutes 1994, section 473.811, subdivision 1, is amended to read:

Subdivision 1. [COUNTY ACQUISITION OF FACILITIES.] To accomplish the purpose specified in section 473.803, each metropolitan county may acquire by purchase, lease, gift or condemnation as provided by law, upon such terms and conditions as it shall determine, including contracts for deed and conditional sales contracts, solid waste facilities or properties or easements for solid waste facilities which are in accordance with rules adopted by the agency, the policy plan ~~adopted by the council~~ and the approved county master plan ~~as approved by the council~~, and may improve or construct improvements on any property or facility so acquired. No metropolitan city, county or town shall own or operate a hazardous waste facility, except a facility to manage household hazardous waste. Each metropolitan county is authorized to levy a tax in anticipation of need for expenditure for the acquisition and betterment of solid waste facilities. If a tax is levied in anticipation of need, the purpose must be specified in a resolution of the county directing that the levy and the proceeds of the tax may be used only for that purpose. Until so used, the proceeds shall be retained in a separate fund or invested in the same manner as surplus in a sinking fund may be invested under section 475.66. The right of condemnation shall be exercised in accordance with chapter 117.

For the purposes of this section "solid waste facility" includes a facility to manage household hazardous waste.

Sec. 37. Minnesota Statutes 1994, section 473.811, subdivision 4a, is amended to read:

Subd. 4a. [ORDINANCES; GENERAL CONDITIONS; RESTRICTIONS; APPLICATION.] Ordinances of counties and local government units related to or affecting waste management shall embody plans, policies, rules, standards and requirements adopted by any state agency authorized to manage or plan for or regulate the management of waste and the waste management plans adopted ~~by the council~~ under section 473.149 and shall be consistent with approved county master plans ~~approved by the council~~. Except as provided in this subdivision, a county may establish and operate or contract for the establishment or operation of a solid waste disposal facility without complying with local ordinances if the ~~council~~ director certifies need under section 473.823, subdivision 6. With the approval of the ~~council~~ director, local government units may impose and enforce reasonable conditions respecting the construction, operation, inspection, monitoring, and maintenance of the disposal facilities. No local government unit shall prevent the establishment or operation of any solid waste facility in accordance with the ~~council's~~ director's decision under section 473.823, subdivision 5, except that, with the approval of the ~~council~~ director, the local government unit may impose reasonable conditions respecting the construction, inspection, monitoring, and maintenance of a facility.

Sec. 38. Minnesota Statutes 1994, section 473.811, subdivision 5, is amended to read:

Subd. 5. [ORDINANCES; SOLID WASTE COLLECTION AND TRANSPORTATION.] (a) Each metropolitan county may adopt ordinances governing the collection of solid waste. A county may adopt, but may not be required to adopt, an ordinance that requires the separation from mixed municipal waste, by generators before collection, of materials that can readily be separated for use or reuse as substitutes for raw materials or for transformation into a usable soil amendment.

(b) Each local unit of government within the metropolitan area shall adopt an ordinance governing the collection of solid waste within its boundaries. If the county within which it is located has adopted a collection ordinance, the local unit shall adopt either the county ordinance by reference or a more strict ordinance. If the county within which it is located has adopted a separation ordinance, the ordinance applies in all local units within the county that have failed to meet the local abatement performance standards, as stated in the most recent annual county report.

(c) Ordinances of counties and local government units may establish reasonable conditions respecting but shall not prevent the transportation of solid waste by a licensed collector through

and between counties and local units, except as required for the enforcement of any designation of a facility by a county under chapter 115A or for enforcement of the prohibition on disposal of unprocessed mixed municipal solid waste under sections 473.848 and 473.849.

(d) A licensed collector or a metropolitan county or local government unit may request review by the ~~council~~ director of an ordinance adopted under this subdivision. The ~~council~~ director shall approve or disapprove the ordinance within 60 days of the submission of a request for review. The ordinance shall remain in effect unless it is disapproved.

(e) Ordinances of counties and local units of government:

(1) shall provide for the enforcement of any designation of facilities by the counties under chapter 115A;

(2) may require waste collectors and transporters to deliver unprocessed mixed municipal waste generated in the county to processing facilities; and

(3) may prohibit waste collectors and transporters from delivering unprocessed mixed municipal solid waste generated in the county to disposal facilities for final disposal.

(f) Nothing in this subdivision limits the authority of the local government unit to regulate and license collectors of solid waste or to require review or approval by the ~~council~~ director for ordinances regulating collection.

Sec. 39. Minnesota Statutes 1994, section 473.811, subdivision 7, is amended to read:

Subd. 7. [JOINT ACTION.] Any local governmental unit or metropolitan agency may act together with any county, city, or town within or without the metropolitan area, or with the pollution control agency or the office ~~of waste management~~ under the provisions of section 471.59 or any other appropriate law providing for joint or cooperative action between government units, to accomplish any purpose specified in sections 473.149, 473.151, 473.801 to 473.823, 473.834, 116.05 and 115A.06.

Any agreement regarding data processing services relating to the generation, management, identification, labeling, classification, storage, collection, treatment, transportation, processing or disposal of waste and entered into pursuant to section 471.59, or other law authorizing joint or cooperative action may provide that any party to the agreement may agree to defend, indemnify and hold harmless any other party to the agreement providing the services, including its employees, officers or volunteers, against any judgments, expenses, reasonable attorney's fees and amounts paid in settlement actually and reasonably incurred in connection with any third party claim or demand arising out of an alleged act or omission by a party to the agreement, its employees, officers or volunteers occurring in connection with any exchange, retention, storage or processing of data, information or records required by the agreement. Any liability incurred by a party to an agreement under this subdivision shall be subject to the limitations set forth in section 3.736 or 466.04.

Sec. 40. Minnesota Statutes 1994, section 473.811, subdivision 8, is amended to read:

Subd. 8. [COUNTY SALE OR LEASE.] Each metropolitan county may sell or lease any facilities or property or property rights previously used or acquired to accomplish the purposes specified by sections 473.149, 473.151, 473.801 to 473.823, and 473.834. Such property may be sold in the manner provided by section 469.065, or may be sold in the manner and on the terms and conditions determined by the county board. Each metropolitan county may convey to or permit the use of any such property by a local government unit, with or without compensation, without submitting the matter to the voters of the county. No real property or property rights acquired pursuant to this section~~,~~ may be disposed of in any manner unless and until the county shall have submitted to the agency and the ~~metropolitan council~~ director for review and comment the terms on and the use for which the property will be disposed of. The agency and the ~~council~~ director shall review and comment on the proposed disposition within 60 days after each has received the data relating thereto from the county.

Sec. 41. Minnesota Statutes 1994, section 473.813, subdivision 2, is amended to read:

Subd. 2. Before a city, county, or town enters into any contract pursuant to subdivision 1 for a period of more than five years, the city, county, or town shall submit the proposed contract and a description of the proposed activities under the contract to the ~~council~~ director for review and approval. The ~~council~~ director shall approve the proposed contract if ~~it~~ the director determines that the contract is consistent with the ~~council's~~ metropolitan policy plan, permits issued under section 473.823, and county reports or approved master plans ~~approved by the council~~. The ~~council~~ director may consolidate ~~its~~ the review of contracts submitted under this section with ~~its~~ the review of related permit applications submitted under section 473.823 and for this purpose may delay the review required by this section.

Sec. 42. Minnesota Statutes 1994, section 473.823, subdivision 3, is amended to read:

Subd. 3. [SOLID WASTE FACILITIES; REVIEW PROCEDURES.] (a) The agency shall request applicants for solid waste facility permits to submit all information deemed relevant by the ~~council to its~~ director for review, including without limitation information relating to the geographic areas and population served, the need, the effect on existing facilities and services, the effectiveness of proposed buffer areas to ensure, at a minimum, protection of surrounding land uses from adverse or incompatible impacts due to landfill operation and related activities, the anticipated public cost and benefit, the anticipated rates and charges, the manner of financing, the effect on metropolitan plans and development programs, the supply of waste, anticipated markets for any product, and alternative means of disposal or energy production.

(b) A permit may not be issued for the operation of a solid waste facility in the metropolitan area which is not in accordance with the metropolitan ~~council's solid waste~~ policy plan. The ~~metropolitan council~~ director shall determine whether a permit is in accordance with the policy plan. In making ~~its~~ this determination, the ~~council~~ director shall consider the areawide need and benefit of the applicant facility and the effectiveness of proposed buffer areas to adequately protect surrounding land uses in accordance with ~~its~~ the policy plan, and may consider, without limitation, the effect of the applicant facility on existing and planned solid waste facilities.

(c) If the ~~council~~ director determines that a permit is in accordance with ~~its~~ the policy plan, the ~~council~~ director shall approve the permit. If the ~~council~~ director determines that a permit is not in accordance with ~~its~~ the policy plan, ~~it~~ the director shall disapprove the permit. ~~The council's~~ Approval of permits may be subject to conditions the director determines are necessary to satisfy criteria and standards in ~~its~~ the policy plan, including conditions respecting the type, character, and quantities of waste to be processed at a solid waste facility used primarily for resource recovery and the geographic territory from which a resource recovery facility or transfer station serving such a facility may draw its waste.

(d) For the purpose of this review and approval ~~by the council~~, the agency shall send a copy of each permit application and any supporting information furnished by the applicant to the ~~metropolitan council~~ director within 15 days after receipt of the application and all other information requested from the applicant. Within 60 days after the application and supporting information are received by the ~~council~~ director, unless a time extension is authorized by the agency, the ~~council~~ director shall issue to the agency in writing ~~its~~ a determination whether the permit is disapproved, approved, or approved with conditions. If the ~~council~~ director does not issue ~~its~~ a determination to the agency within the 60-day period, unless a time extension is authorized by the agency, the permit shall be deemed to be in accordance with the ~~council's~~ policy plan.

(e) A permit may not be issued in the metropolitan area for a solid waste facility used primarily for resource recovery or a transfer station serving the facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the ~~council~~ director finds and determines that adequate markets exist for the products recovered and that establishment of the facility is consistent with the criteria and standards in the metropolitan and county plans respecting the protection of existing resource recovery facilities and transfer stations serving such facilities.

Sec. 43. Minnesota Statutes 1994, section 473.823, subdivision 5, is amended to read:

Subd. 5. [REVIEW OF WASTE PROCESSING FACILITIES.] (a) A metropolitan county may establish a waste processing facility within the county without complying with local ordinances, if

the action is approved by the ~~council~~ director in accordance with the review process established by this subdivision. A county requesting review ~~by the council~~ shall show that:

(1) the required permits for the proposed facility have been or will be issued by the agency;

(2) the facility is consistent with the ~~council's~~ metropolitan policy plan and the approved county master plan; and

(3) a local government unit has refused to approve the establishment or operation of the facility, has failed to deny or approve establishment or operation of the facility within the time period required in section 115A.31, or has approved the application or request with conditions that are unreasonable or impossible for the county to meet.

(b) The ~~council~~ director shall ~~meet to~~ commence the review within 90 days of the submission of a request determined by the ~~council~~ director to satisfy the requirements for review under this subdivision. ~~At the meeting~~ Upon commencing the review the ~~chair~~ director shall ~~recommend and the council~~ establish a scope and procedure, including criteria, for ~~its~~ the review and final decision on the proposed facility. The procedure shall require the ~~council~~ director to make a final decision on the proposed facility within 120 days following the commencement of review. For facilities other than waste incineration and mixed municipal solid waste composting facilities, the ~~council~~ director shall ~~meet to~~ commence the review within 45 days of submission of the request and shall make a final decision within 75 days following commencement of review.

(c) The ~~council~~ director shall conduct at least one public hearing in the city or town within which the proposed facility would be located. Notice of the hearing shall be published in a newspaper or newspapers of general circulation in the area for two successive weeks ending at least 15 days before the date of the hearing. The notice shall describe the proposed facility, its location, the proposed permits, and the ~~council's~~ scope, procedure, and criteria for review. The notice shall identify a location or locations within the local government unit and county where the permit applications and the ~~council's~~ scope, procedure, and criteria for review are available for review and where copies may be obtained.

(d) In ~~its~~ the review and final decision on the proposed facility, the ~~council~~ director shall consider at least the following matters:

(1) the risk and effect of the proposed facility on local residents, units of government, and the local public health, safety, and welfare, and the degree to which the risk or effect may be alleviated;

(2) the consistency of the proposed facility with, and its effect on, existing and planned local land use and development; local laws, ordinances, and permits; and local public facilities and services;

(3) the adverse effects of the facility on agriculture and natural resources and opportunities to mitigate or eliminate such adverse effects by additional stipulations, conditions, and requirements respecting the design and operation of the proposed facility at the proposed site;

(4) the need for the proposed facility and the availability of alternative sites;

(5) the consistency of the proposed facility with the county master plan adopted pursuant to section 473.803 and the ~~council's~~ policy plan adopted pursuant to section 473.149; and

(6) transportation facilities and distance to points of waste generation.

(e) ~~In its final decision in the review,~~ The ~~council~~ director may either approve or disapprove the proposed facility at the proposed site. The ~~council's~~ approval shall embody all terms, conditions, and requirements of the permitting state agencies, provided that the ~~council~~ director may require more stringent permit terms, conditions, and requirements respecting the design, construction, operation, inspection, monitoring, and maintenance of the proposed facility at the proposed site.

Sec. 44. Minnesota Statutes 1994, section 473.823, subdivision 6, is amended to read:

Subd. 6. [~~COUNCIL;~~ CERTIFICATION OF NEED.] No new mixed municipal solid waste

disposal facility or capacity shall be permitted in the metropolitan area without a certificate of need issued by the ~~council~~ director indicating ~~the council's~~ a determination that the additional disposal capacity planned for the facility is needed in the metropolitan area. The ~~council~~ director shall amend ~~its~~ the policy plan, adopted pursuant to section 473.149, to include standards and procedures for certifying need that conform to the certification standards stated in this subdivision. The standards and procedures shall be based on the ~~council's~~ metropolitan disposal abatement plan adopted pursuant to section 473.149, subdivision 2d, the ~~council's~~ solid waste disposal facilities development schedule adopted under section 473.149, subdivision 2e, and the provisions of any master plans of counties that have been approved ~~by the council~~ under section 473.803, subdivision 2, and that are consistent with the ~~council's~~ abatement plan and development schedule. The ~~council~~ director shall certify need only to the extent that there are no feasible and prudent alternatives to the disposal facility, including waste reduction, source separation and resource recovery which would minimize adverse impact upon natural resources. Alternatives that are speculative or conjectural shall not be deemed to be feasible and prudent. Economic considerations alone shall not justify the certification of need or the rejection of alternatives.

Sec. 45. Minnesota Statutes 1994, section 473.844, subdivision 1a, is amended to read:

Subd. 1a. [USE OF FUNDS.] (a) The money in the account may be spent only for the following purposes:

(1) assistance to any person for resource recovery projects funded under subdivision 4 or projects to develop and coordinate markets for reusable or recyclable waste materials, including related public education, planning, and technical assistance;

(2) grants to counties under section 473.8441;

(3) program administration ~~by the metropolitan council~~;

(4) public education on solid waste reduction and recycling;

(5) solid waste research; and

(6) grants to multicounty groups for regionwide planning for solid waste management system operations and use of management capacity.

(b) The ~~council~~ director shall allocate at least 50 percent of the annual revenue received by the account for grants to counties under section 473.8441.

Sec. 46. Minnesota Statutes 1994, section 473.844, subdivision 4, is amended to read:

Subd. 4. [RESOURCE RECOVERY GRANTS AND LOANS.] The grant and loan program under this subdivision is administered by the ~~metropolitan council~~ director. Grants and loans may be made to any person for resource recovery projects. The grants and loans may include the cost of planning, acquisition of land and equipment, and capital improvements. Grants and loans for planning may not exceed 50 percent of the planning costs. Grants and loans for acquisition of land and equipment and for capital improvements may not exceed 50 percent of the cost of the project. Grants and loans may be made for public education on the need for the resource recovery projects. A grant or loan for land, equipment, or capital improvements may not be made until the ~~metropolitan council~~ director has determined the total estimated capital cost of the project and ascertained that full financing of the project is assured. Grants and loans made to cities, counties, or solid waste management districts must be for projects that are in conformance with approved master plans. A grant or loan to a city or town must be reviewed and approved by the county for conformance with the county master plan. The ~~council~~ director shall require, where practical, cooperative purchase between cities, counties, and districts of capital equipment.

Sec. 47. Minnesota Statutes 1994, section 473.8441, subdivision 2, is amended to read:

Subd. 2. [PROGRAM.] The ~~council~~ director shall encourage the development of permanent local recycling programs throughout the metropolitan area. ~~By January 1, 1988, the council shall develop performance indicators for local recycling that will measure the availability and use of recycling throughout the metropolitan area.~~ The ~~council~~ director shall make grants to qualifying metropolitan counties as provided in this section.

Sec. 48. Minnesota Statutes 1994, section 473.8441, subdivision 4, is amended to read:

Subd. 4. [GRANT CONDITIONS.] The ~~council~~ director shall administer grants so that the following conditions are met:

(a) A county must apply for a grant in the manner determined by the ~~council~~ director. The application must describe the activities for which the grant will be used.

(b) The activities funded must be consistent with the ~~council's~~ metropolitan policy plan and the county master plan.

(c) A grant must be matched by equal county expenditures for the activities for which the grant is made.

(d) All grant funds must be used for new activities or to enhance or increase the effectiveness of existing activities in the county.

(e) Counties shall provide support to maintain effective municipal recycling where it is already established.

Sec. 49. Minnesota Statutes 1994, section 473.8441, subdivision 5, is amended to read:

Subd. 5. [GRANT ALLOCATION PROCEDURE.] (a) The ~~council~~ director shall distribute the funds annually so that each qualifying county receives an equal share of 50 percent of the ~~council's~~ allocation to the program described in this section, plus a proportionate share of the remaining funds available for the program. A county's proportionate share is an amount that has the same proportion to the total remaining funds as the number of households in the county has to the total number of households in all metropolitan counties.

(b) To qualify for distribution of funds, a county, by April 1 of each year, must submit ~~for council~~ to the director for approval a report on expenditures and activities under the program during the preceding fiscal year and any proposed changes in its recycling implementation strategy or performance funding system. The report shall be included in the county report required by section 473.803, subdivision 3.

Sec. 50. Minnesota Statutes 1994, section 473.845, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURE NOTIFICATION.] The commissioner shall notify the ~~chair~~ director of the office and the director of the legislative commission on waste management before making expenditures from the fund.

Sec. 51. Minnesota Statutes 1994, section 473.848, subdivision 2, is amended to read:

Subd. 2. [COUNTY CERTIFICATION; ~~COUNCIL~~ OFFICE APPROVAL.] (a) By April 1 of each year, each county shall submit an annual certification report to the ~~council~~ office detailing:

(1) the quantity of waste generated in the county that was not processed prior to transfer to a disposal facility during the year preceding the report;

(2) the reasons the waste was not processed;

(3) a strategy for development of techniques to ensure processing of waste including a specific timeline for implementation of those techniques; and

(4) any progress made by the county in reducing the amount of unprocessed waste.

The report shall be included in the county report required by section 473.803, subdivision 3.

(b) The ~~council~~ office shall approve a county's certification report if it determines that the county is reducing and will continue to reduce the amount of unprocessed waste, based on the report and the county's progress in development and implementation of techniques to reduce the amount of unprocessed waste transferred to disposal facilities. If the ~~council~~ office does not approve a county's report, it shall negotiate with the county to develop and implement specific techniques to reduce unprocessed waste. If the ~~council~~ office does not approve two or more

consecutive reports from any one county, the ~~council~~ office shall develop specific reduction techniques that are designed for the particular needs of the county. The county shall implement those techniques by specific dates to be determined by the ~~council~~ office.

Sec. 52. Minnesota Statutes 1994, section 473.848, subdivision 4, is amended to read:

Subd. 4. [~~COUNCIL~~ OFFICE REPORT.] The ~~council~~ office shall include, as part of its report to the legislative commission on waste management required under section 473.149, an accounting of the quantity of unprocessed waste transferred to disposal facilities, the reasons the waste was not processed, a strategy for reducing the amount of unprocessed waste, and progress made by counties to reduce the amount of unprocessed waste. The ~~council~~ office may adopt standards for determining when waste is unprocessible and procedures for expediting certification and reporting of unprocessed waste.

Sec. 53. [APPLICATION.]

Sections 24 to 52 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 54. [INSTRUCTION TO REVISOR.]

The revisor shall substitute the term "office of environmental assistance" for the term "office of waste management" in Minnesota Statutes, sections 15A.081, 41A.066, 43A.08, 115B.20, 116.07, 116.101, 116.99, and 477A.012.

Sec. 55. [REPEALER.]

Minnesota Statutes 1994, sections 115A.47; 115A.81, subdivision 3; 115A.90, subdivision 3; 383D.71, subdivision 2; 473.149, subdivision 5; and 473.181, subdivision 4, are repealed.

Sec. 56. [EFFECTIVE DATE.]

Sections 1 to 53 and 55 are effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the environment; implementing the transfer of solid waste management duties of the metropolitan council to the office of environmental assistance; providing for the management of waste; providing penalties; amending Minnesota Statutes 1992, section 115A.33, as reenacted; Minnesota Statutes 1994, sections 16B.122, subdivision 3; 115.071, subdivision 1; 115A.055; 115A.07, subdivision 3; 115A.072, subdivisions 1, 3, and 4; 115A.12; 115A.14, subdivision 4; 115A.15, subdivision 9; 115A.191, subdivisions 1 and 2; 115A.32; 115A.411; 115A.42; 115A.45; 115A.46, subdivisions 1 and 5; 115A.55, subdivision 3, and by adding a subdivision; 115A.5501, subdivisions 2, 3, and 4; 115A.5502; 115A.551, subdivisions 2a, 4, 5, 6, and 7; 115A.554; 115A.557, subdivisions 3 and 4; 115A.558; 115A.63, subdivision 3; 115A.84, subdivision 3; 115A.86, subdivision 2; 115A.919, subdivision 3; 115A.921, subdivision 1; 115A.923, subdivision 1; 115A.9302, subdivisions 1 and 2; 115A.951, subdivision 4; 115A.96, subdivision 2; 115A.965, subdivision 1; 115A.9651, subdivision 2; 115A.97, subdivisions 5 and 6; 115A.981, subdivision 3; 115D.03, subdivision 5, and by adding a subdivision; 115D.05; 115D.07, subdivisions 1 and 2; 115D.08, subdivision 1; 115D.10; 116.07, subdivisions 4a and 4j; 116.072; 116.66, subdivisions 2 and 4; 116.92, subdivision 4; 325E.0951, subdivision 5; 400.16; 400.161; 473.149, subdivisions 1, 2d, 2e, 3, 4, and 6; 473.151; 473.516, subdivision 2; 473.801, subdivision 1, and by adding subdivisions; 473.8011; 473.803, subdivisions 1, 1c, 2, 2a, 3, 4, and 5; 473.804; 473.811, subdivisions 1, 4a, 5, 5c, 7, and 8; 473.813, subdivision 2; 473.823, subdivisions 3, 5, and 6; 473.843, subdivision 1; 473.844, subdivisions 1a and 4; 473.8441, subdivisions 2, 4, and 5; 473.845, subdivision 4; 473.846; and 473.848, subdivisions 2 and 4; Laws 1994, chapters 585, section 51; 628, article 3, section 209; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; 116; and 480; repealing Minnesota Statutes 1994, sections 115A.165; 115A.81, subdivision 3; 115A.90, subdivision 3; 116.94; 383D.71, subdivision 2; 473.149, subdivisions 2, 2a, 2c, 2f, and 5; 473.181, subdivision 4; and 473.803, subdivisions 1b and 1e."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Janet B. Johnson, Deanna Wiener, Dan Stevens

House Conferees: (Signed) Jean Wagenius, Dennis Ozment, Myron Orfield

Ms. Johnson, J.B. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 462 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 462 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 52 and nays 14, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Laidig	Murphy	Robertson
Beckman	Janezich	Langseth	Neuville	Runbeck
Belanger	Johnson, D.J.	Larson	Oliver	Sams
Berglin	Johnson, J.B.	Lesewski	Ourada	Solon
Betzold	Johnston	Limmer	Pappas	Spear
Cohen	Kelly	Marty	Piper	Stevens
Day	Kleis	Merriam	Pogemiller	Terwilliger
Dille	Knutson	Metzen	Price	Wiener
Flynn	Kramer	Moe, R.D.	Ranum	
Frederickson	Krentz	Mondale	Reichgott Junge	
Hanson	Kroening	Morse	Riveness	

Those who voted in the negative were:

Berg	Chmielewski	Lessard	Pariseau	Stumpf
Bertram	Finn	Novak	Samuelson	Vickerman
Chandler	Johnson, D.E.	Olson	Scheevel	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECONSIDERATION

Ms. Berglin moved that the vote whereby the Senate refused to concur in the House amendments to S.F. No. 845 on May 22, 1995, be now reconsidered.

S.F. No. 845: A bill for an act relating to health; MinnesotaCare; expanding provisions of health care; establishing requirements for integrated service networks; modifying requirements for health plan companies; repealing the regulated all-payer option; modifying universal coverage and insurance reform provisions; revising the research and data initiatives; expanding eligibility for the MinnesotaCare program; creating the prescription drug purchasing authority; establishing a drug purchasing benefit program for senior citizens; extending the health care commission and regional coordinating boards; making technical changes; providing penalties; appropriating money; amending Minnesota Statutes 1994, sections 13.99, by adding a subdivision; 16A.724; 60A.02, subdivision 1a; 60B.02; 60B.03, subdivision 2; 60G.01, subdivisions 2, 4, and 5; 62A.10, subdivisions 1 and 2; 62A.65, subdivisions 5 and 8; 62D.042, subdivision 2; 62D.11, subdivision 1; 62D.181, subdivisions 2, 3, 6, and 9; 62E.05; 62E.141; 62H.04; 62H.08; 62J.017; 62J.04, subdivisions 1a and 3; 62J.05, subdivisions 2 and 9; 62J.06; 62J.09, subdivisions 1, 2, 6, 8, and by adding a subdivision; 62J.152, subdivision 5; 62J.17, subdivisions 4a, 6a, and by adding a subdivision; 62J.212; 62J.2913, subdivision 1; 62J.37; 62J.38; 62J.40; 62J.41, subdivisions 1 and 2; 62J.48; 62J.54; 62J.55; 62J.58; 62L.02, subdivisions 11, 16, and 26; 62L.03, subdivisions 3, 4, and 5; 62L.09, subdivision 1; 62L.12, subdivision 2; 62M.02, subdivision 12; 62M.07; 62M.09, subdivision 5; 62M.10, by adding a subdivision; 62N.02, by adding subdivisions; 62N.04; 62N.10, by adding a subdivision; 62N.11, subdivision 1; 62N.13; 62N.14, subdivision 3; 62N.25, subdivision 2; 62P.05, subdivision 4, and by adding a subdivision; 62Q.01, subdivisions 2, 3, 4, and by adding subdivisions; 62Q.03, subdivisions 1, 6, 7, 8, 9, 10, and by adding subdivisions; 62Q.07, subdivisions 1 and 2; 62Q.075, subdivision 4; 62Q.09, subdivision 3; 62Q.11, subdivision

2; 62Q.165; 62Q.17, subdivisions 2, 6, 8, and by adding a subdivision; 62Q.18; 62Q.30; 62Q.32; 62Q.33, subdivisions 4 and 5; 62Q.41; 72A.20, by adding subdivisions; 136A.1355, subdivisions 3 and 5; 136A.1356, subdivisions 3 and 4; 144.1464, subdivisions 2, 3, and 4; 144.147, subdivision 1; 144.1484, subdivision 1; 144.1486, subdivision 4; 144.1489, subdivision 3; 148B.32, subdivision 1; 151.21, subdivisions 2, 3, and by adding a subdivision; 151.48; 214.16, subdivisions 2 and 3; 256.9354, subdivisions 1, 4, 5, and by adding a subdivision; 256.9357, subdivisions 1, 2, and 3; 256.9358, subdivisions 3, 4, and by adding a subdivision; 256.9363, subdivision 5; 256B.037, subdivisions 1, 3, 4, and by adding subdivisions; 256B.04, by adding a subdivision; 256B.055, by adding a subdivision; 256B.057, subdivision 3, and by adding subdivisions; 256B.0625, subdivisions 13 and 30; 256B.69, subdivision 4; 270.101, subdivision 1; 295.50, subdivisions 3, 4, and 10a; 295.53, subdivisions 1, 3, and 4; 295.55, subdivision 4; 295.57; and 295.582; Laws 1990, chapter 591, article 4, section 9; Laws 1994, chapter 625, article 5, sections 5, subdivision 1; 7; and 10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 16B; 62J; 62L; 62N; 62Q; 256; 256B; and 295; repealing Minnesota Statutes 1994, sections 62J.045; 62J.07, subdivision 4; 62J.09, subdivision 1a; 62J.152, subdivision 6; 62J.19; 62J.30; 62J.31; 62J.32; 62J.33; 62J.34; 62J.35; 62J.41, subdivisions 3 and 4; 62J.44; 62J.45; 62J.65; 62L.08, subdivision 7a; 62N.34; 62P.01; 62P.02; 62P.03; 62P.07; 62P.09; 62P.11; 62P.13; 62P.15; 62P.17; 62P.19; 62P.21; 62P.23; 62P.25; 62P.27; 62P.29; 62P.31; 62P.33; 62Q.03, subdivisions 2, 3, 4, 5, and 11; 62Q.21; 62Q.27; and 256.9353, subdivisions 4 and 5; Laws 1993, chapter 247, article 1, sections 12, 13, 14, 15, 18, and 19; Minnesota Rules, part 4685.1700, subpart 1, item D.

CALL OF THE SENATE

Ms. Berglin imposed a call of the Senate for the balance of the proceedings on S.F. No. 845. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Ms. Berglin to reconsider.

The roll was called, and there were yeas 42 and nays 22, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Novak	Robertson
Belanger	Hottinger	Langseth	Oliver	Sams
Berg	Janezich	Larson	Pappas	Spear
Berglin	Johnson, D.E.	Marty	Piper	Stumpf
Betzold	Johnson, D.J.	Merriam	Pogemiller	Terwilliger
Chandler	Johnson, J.B.	Metzen	Price	Wiener
Cohen	Kelly	Moe, R.D.	Ranum	
Dille	Kiscaden	Mondale	Reichgott Junge	
Finn	Knutson	Murphy	Riveness	

Those who voted in the negative were:

Beckman	Hanson	Laidig	Ourada	Stevens
Bertram	Johnston	Lesewski	Pariseau	Vickerman
Chmielewski	Kleis	Lessard	Runbeck	
Day	Kramer	Limmer	Samuelson	
Frederickson	Kroening	Neuville	Scheevel	

The motion prevailed. So the vote was reconsidered.

CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 845 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 845 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 45 and nays 18, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Knutson	Mondale	Riveness
Beckman	Flynn	Krentz	Murphy	Robertson
Belanger	Hanson	Laidig	Novak	Sams
Berg	Hottinger	Langseth	Oliver	Scheevel
Berglin	Janezich	Larson	Pappas	Spear
Betzold	Johnson, D.E.	Marty	Piper	Stevens
Chandler	Johnson, D.J.	Merriam	Price	Stumpf
Cohen	Johnson, J.B.	Metzen	Ranum	Terwilliger
Dille	Kiscaden	Moe, R.D.	Reichgott Junge	Wiener

Those who voted in the negative were:

Bertram	Johnston	Lesewski	Olson	Samuelson
Chmielewski	Kleis	Lessard	Ourada	Vickerman
Day	Kramer	Limmer	Pariseau	
Frederickson	Kroening	Neuville	Runbeck	

So the bill, as amended, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1246 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1246

A bill for an act relating to state government; abolishing periodic reports; repealing obsolete rules of the departments of agriculture, commerce, health, human services, public safety, public service, and revenue and the pollution control agency; removing internal references to repealed rules; providing a deadline for certain actions by state and local government agencies; clarifying statutory waiver requirements with respect to the housing finance agency for the civil service pilot project; requiring legislative review of certain agency reorganization efforts; establishing the office of citizen advocate in the department of administration; modifying provisions relating to data classification; workers' compensation premium collection; employment classifications and procedures; and benefits; providing penalties; establishing a task force to recommend a governmental structure for environmental and natural resource functions and services; requiring establishment of an employee participation committee before agency restructuring; abolishing the department of natural resources, the board of water and soil resources, the office of environmental assistance, the pollution control agency, the environmental quality board, the harmful substances compensation board, the petroleum tank release compensation board, and the agricultural chemical response board; providing for appointments; abolishing the transportation regulation board; transferring its functions to other agencies; establishing pilot projects to improve the efficiency and effectiveness of state agencies; authorizing waivers of certain rules and policies; abolishing the legislative commission on children, youth, and their families, the legislative water commission, the legislative commission on the economic status of women, the legislative commission on child protection, the legislative commission on health care access, the legislative commission on long-term health care, the legislative commission on waste management, and the legislative tax study commission; transferring functions of the legislative commission on Minnesota resources to the office of strategic and long-range planning; establishing the department of children, families, and learning; making related changes; amending Minnesota Statutes 1994, sections 4.071, subdivision 2; 13.67; 15A.081, subdivision 1; 43A.04, subdivision 1; 43A.08, subdivision 1; 43A.10, subdivision 8; 43A.13, subdivision 6; 43A.15, by adding a subdivision; 43A.19, subdivision 1; 43A.191, subdivisions 1, 2, and 3; 43A.24, subdivision 2; 43A.27, subdivision 3; 43A.316; 43A.317, subdivision 5; 62J.04, subdivision 1a; 62J.45, subdivision 8; 62Q.33, subdivision 5; 84.0274, subdivision 7; 85.019, subdivision 2; 86.72, subdivisions 2 and 3; 89.022, subdivision 2; 103A.43; 103B.321, subdivision 1; 115A.07, subdivision 3; 115A.15, subdivision 5; 115A.158, subdivision 2; 115A.165; 115A.193; 115A.22, subdivision 5; 115A.5501, subdivisions 2 and 4; 115A.551, subdivisions 4 and 5; 115A.557, subdivision 4; 115A.9157, subdivision 6; 115A.96, subdivision 2; 115A.961, subdivision 2; 115A.9651, subdivision 2; 115A.97, subdivisions 5 and 6; 115B.20, subdivisions 2, 5, and 6; 116C.712, subdivision 5; 116J.555, subdivision 2; 116P.02; 116P.03; 116P.05, subdivision 2, and by adding a subdivision;

116P.06; 116P.07; 116P.08, subdivisions 3, 4, 5, 6, and 7; 116P.09; 116P.10; 116P.11; 116P.12; 116Q.02; 174.02, subdivisions 4, 5, and by adding subdivisions; 174.06, by adding a subdivision; 174.10; 218.041, subdivision 6; 219.074, subdivisions 1 and 2; 256.9352, subdivision 3; 256B.0644; 256B.431, subdivision 2i; 256F.13, subdivision 1; 290.431; 290.432; 356.87; and 473.846; Minnesota Rules, parts 1540.2140; 7001.0140, subpart 2; 7001.0180; 8130.3500, subpart 3; and 8130.6500, subpart 5; proposing coding for new law in Minnesota Statutes, chapters 15; 16B; 174; and 465; proposing coding for new law as Minnesota Statutes, chapter 119A; repealing Minnesota Statutes 1994, sections 3.861; 3.873; 3.885; 3.887; 3.9222; 3.9227; 14.115, subdivision 8; 62J.04, subdivision 4; 62J.07; 62N.24; 103B.351; 115A.03, subdivision 16; 115A.08; 115A.14; 115A.29; 115A.38; 115A.411; 115A.913, subdivision 5; 115A.9157, subdivision 4; 115A.965, subdivision 7; 115A.981, subdivision 3; 115B.22, subdivision 8; 115B.43, subdivision 4; 116P.05, subdivision 1; 174.05; 174.06; 174A.01; 174A.02; 174A.03; 174A.04; 216C.051; 218.011, subdivision 7; 218.041, subdivision 7; 256B.504; 473.149, subdivisions 2c and 6; 473.845, subdivision 4; and 473.848, subdivision 4; Minnesota Rules, parts 1540.0010, subparts 12, 18, 21, 22, and 24; 1540.0060; 1540.0070; 1540.0080; 1540.0100; 1540.0110; 1540.0120; 1540.0130; 1540.0140; 1540.0150; 1540.0160; 1540.0170; 1540.0180; 1540.0190; 1540.0200; 1540.0210; 1540.0220; 1540.0230; 1540.0240; 1540.0260; 1540.0320; 1540.0330; 1540.0340; 1540.0350; 1540.0370; 1540.0380; 1540.0390; 1540.0400; 1540.0410; 1540.0420; 1540.0440; 1540.0450; 1540.0460; 1540.0490; 1540.0500; 1540.0510; 1540.0520; 1540.0770; 1540.0780; 1540.0800; 1540.0810; 1540.0830; 1540.0880; 1540.0890; 1540.0900; 1540.0910; 1540.0920; 1540.0930; 1540.0940; 1540.0950; 1540.0960; 1540.0970; 1540.0980; 1540.0990; 1540.1000; 1540.1005; 1540.1010; 1540.1020; 1540.1030; 1540.1040; 1540.1050; 1540.1060; 1540.1070; 1540.1080; 1540.1090; 1540.1100; 1540.1110; 1540.1120; 1540.1130; 1540.1140; 1540.1150; 1540.1160; 1540.1170; 1540.1180; 1540.1190; 1540.1200; 1540.1210; 1540.1220; 1540.1230; 1540.1240; 1540.1250; 1540.1255; 1540.1260; 1540.1280; 1540.1290; 1540.1300; 1540.1310; 1540.1320; 1540.1330; 1540.1340; 1540.1350; 1540.1360; 1540.1380; 1540.1400; 1540.1410; 1540.1420; 1540.1430; 1540.1440; 1540.1450; 1540.1460; 1540.1470; 1540.1490; 1540.1500; 1540.1510; 1540.1520; 1540.1530; 1540.1540; 1540.1550; 1540.1560; 1540.1570; 1540.1580; 1540.1590; 1540.1600; 1540.1610; 1540.1620; 1540.1630; 1540.1640; 1540.1650; 1540.1660; 1540.1670; 1540.1680; 1540.1690; 1540.1700; 1540.1710; 1540.1720; 1540.1730; 1540.1740; 1540.1750; 1540.1760; 1540.1770; 1540.1780; 1540.1790; 1540.1800; 1540.1810; 1540.1820; 1540.1830; 1540.1840; 1540.1850; 1540.1860; 1540.1870; 1540.1880; 1540.1890; 1540.1900; 1540.1905; 1540.1910; 1540.1920; 1540.1930; 1540.1940; 1540.1950; 1540.1960; 1540.1970; 1540.1980; 1540.1990; 1540.2000; 1540.2010; 1540.2015; 1540.2020; 1540.2090; 1540.2100; 1540.2110; 1540.2120; 1540.2180; 1540.2190; 1540.2200; 1540.2210; 1540.2220; 1540.2230; 1540.2240; 1540.2250; 1540.2260; 1540.2270; 1540.2280; 1540.2290; 1540.2300; 1540.2310; 1540.2320; 1540.2325; 1540.2330; 1540.2340; 1540.2350; 1540.2360; 1540.2370; 1540.2380; 1540.2390; 1540.2400; 1540.2410; 1540.2420; 1540.2430; 1540.2440; 1540.2450; 1540.2490; 1540.2500; 1540.2510; 1540.2530; 1540.2540; 1540.2550; 1540.2560; 1540.2570; 1540.2580; 1540.2590; 1540.2610; 1540.2630; 1540.2640; 1540.2650; 1540.2660; 1540.2720; 1540.2730; 1540.2740; 1540.2760; 1540.2770; 1540.2780; 1540.2790; 1540.2800; 1540.2810; 1540.2820; 1540.2830; 1540.2840; 1540.3420; 1540.3430; 1540.3440; 1540.3450; 1540.3460; 1540.3470; 1540.3560; 1540.3600; 1540.3610; 1540.3620; 1540.3630; 1540.3700; 1540.3780; 1540.3960; 1540.3970; 1540.3980; 1540.3990; 1540.4000; 1540.4010; 1540.4020; 1540.4030; 1540.4040; 1540.4080; 1540.4190; 1540.4200; 1540.4210; 1540.4220; 1540.4320; 1540.4330; 1540.4340; 2642.0120, subpart 1; 2650.0100; 2650.0200; 2650.0300; 2650.0400; 2650.0500; 2650.0600; 2650.1100; 2650.1200; 2650.1300; 2650.1400; 2650.1500; 2650.1600; 2650.1700; 2650.1800; 2650.1900; 2650.2000; 2650.2100; 2650.3100; 2650.3200; 2650.3300; 2650.3400; 2650.3500; 2650.3600; 2650.3700; 2650.3800; 2650.3900; 2650.4000; 2650.4100; 2655.1000; 2660.0070; 2770.7400; 4610.2210; 7002.0410; 7002.0420; 7002.0430; 7002.0440; 7002.0450; 7002.0460; 7002.0470; 7002.0480; 7002.0490; 7047.0010; 7047.0020; 7047.0030; 7047.0040; 7047.0050; 7047.0060; 7047.0070; 7100.0300; 7100.0310; 7100.0320; 7100.0330; 7100.0335; 7100.0340; 7100.0350; 7510.6100; 7510.6200; 7510.6300; 7510.6350; 7510.6400; 7510.6500; 7510.6600; 7510.6700; 7510.6800; 7510.6900; 7510.6910; 7600.0100; 7600.0200; 7600.0300; 7600.0400; 7600.0500; 7600.0600; 7600.0700; 7600.0800; 7600.0900; 7600.1000; 7600.1100; 7600.1200; 7600.1300; 7600.1400; 7600.1500; 7600.1600; 7600.1700; 7600.1800; 7600.1900; 7600.2000; 7600.2100; 7600.2200; 7600.2300; 7600.2400; 7600.2500; 7600.2600; 7600.2700; 7600.2800; 7600.2900; 7600.3000; 7600.3100; 7600.3200; 7600.3300; 7600.3400; 7600.3500; 7600.3600; 7600.3700; 7600.3800; 7600.3900; 7600.4000; 7600.4100; 7600.4200; 7600.4300; 7600.4400; 7600.4500; 7600.4600; 7600.4700; 7600.4800; 7600.4900; 7600.5000; 7600.5100; 7600.5200; 7600.5300;

7600.5400; 7600.5500; 7600.5600; 7600.5700; 7600.5800; 7600.5900; 7600.6000; 7600.6100; 7600.6200; 7600.6300; 7600.6400; 7600.6500; 7600.6600; 7600.6700; 7600.6800; 7600.6900; 7600.7000; 7600.7100; 7600.7200; 7600.7210; 7600.7300; 7600.7400; 7600.7500; 7600.7600; 7600.7700; 7600.7750; 7600.7800; 7600.7900; 7600.8100; 7600.8200; 7600.8300; 7600.8400; 7600.8500; 7600.8600; 7600.8700; 7600.8800; 7600.8900; 7600.9000; 7600.9100; 7600.9200; 7600.9300; 7600.9400; 7600.9500; 7600.9600; 7600.9700; 7600.9800; 7600.9900; 7625.0100; 7625.0110; 7625.0120; 7625.0200; 7625.0210; 7625.0220; 7625.0230; 8120.1100, subpart 3; 8121.0500, subpart 2; 8130.9912; 8130.9913; 8130.9916; 8130.9920; 8130.9930; 8130.9956; 8130.9958; 8130.9968; 8130.9972; 8130.9980; 8130.9992; 8850.6900; 9540.0100; 9540.0200; 9540.0300; 9540.0400; 9540.0500; 9540.1000; 9540.1100; 9540.1200; 9540.1300; 9540.1400; 9540.1500; 9540.2000; 9540.2100; 9540.2200; 9540.2300; 9540.2400; 9540.2500; 9540.2600; and 9540.2700.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1246, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1246 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

REPORTS ABOLISHED

Section 1. [REPORTS ABOLISHED.]

Subdivision 1. [ABOLITION; EXCEPTIONS.] Except as provided in subdivision 3, each requirement in law for a periodic report from a state agency to the legislature listed in "Required Periodic Reports to the Legislature" compiled in accordance with Laws 1994, chapter 559, section 4, is abolished effective October 15, 1995, except for the reports required by Minnesota Statutes, sections 1.31, section 5, subdivision 2; 2.91, subdivisions 2 and 4; 3.17; 3.30, subdivision 2; 3.3005, subdivisions 2 and 5; 3.754; 3.85, subdivision 11; 3.855, subdivision 2; 3.873, subdivision 6; 3.885, subdivisions 6 and 7; 3.9227, subdivisions 2 and 3; 3.97, subdivision 12; 3.971 ; 3.972, subdivision 3; 3.973; 3.974; 3.975; 3C.03, subdivision 4; 3C.12, subdivision 2; 4.071, subdivision 2; 4.47; 4A.06; 5.08, subdivisions 1 and 2; 6.72, subdivision 1; 6.74; 6.75; 8.15, subdivisions 3 and 4; 10.47; 10.48; 10A.02, subdivisions 1, 2, and 8; 10A.07, subdivisions 1 and 2; 11A.04; 11A.041; 11A.07, subdivision 4; 12.221, subdivision 1; 13.32, subdivision 6; 14.18, subdivision 2; 14.46, subdivision 4; 14.47, subdivision 8; 15.0597, subdivision 7; 15.0599, subdivision 5; 15.065; 15.50, subdivision 2, paragraph (k); 15.91, subdivision 2; 15A.081, subdivisions 1, 7, and 7b; 15A.082, subdivision 3; 16A.06, subdivision 2; 16A.095, subdivision 2; 16A.10, subdivisions 1 and 2; 16A.102, subdivisions 1 and 3; 16A.103, subdivisions 1, 2, and 3; 16A.105; 16A.11, subdivision 1; 16A.122, subdivision 4; 16A.124, subdivision 7; 16A.127, subdivision 2; 16A.1285, subdivisions 3 and 4; 16A.285; 16A.50; 16A.501; 16A.641, subdivision 2; 16A.671, subdivision 2; 16A.69, subdivision 2; 16B.103, subdivision 2; 16B.17, subdivisions 4 and 5; 16B.24, subdivision 3; 16B.335, subdivisions 1 and 5; 16B.36, subdivision 2; 16D.03, subdivision 3; 17.10; 18.62, article IX; 18B.045, subdivision 1; 32.73, subdivision 7; 37.07; 41.53, subdivision 3; 41B.18, subdivision 6; 41C.08, subdivision 5; 42.04, subdivision 2; 43A.04, subdivision 7; 43A.05, subdivision 3; 43A.18, subdivision 6; 43A.31, subdivision 2; 43A.39, subdivision 2; 60B.09, subdivisions 1 and 2; 62J.04, subdivisions 1a, 4, and 9; 62J.05, subdivision 1; 62J.07, subdivision 3; 62Q.41; 79.251, subdivision 1; 84.026; 84.03; 84.95, subdivision 3; 84.968, subdivision 2; 85.019, subdivision 2; 85A.02, subdivisions 5a and 5c; 86.72, subdivision 3; 88.81; 89.013; 92.27; 94.165; 94.349, subdivision 5; 97A.055, subdivisions 3 and 4; 97A.065, subdivision 3; 97A.345; 103B.255, subdivision 9; 103F.161, subdivision 2; 103F.751; 103G.2373; 103G.511, subdivision 9; 103I.331, subdivision 5; 115.42; 115A.07, subdivisions 2 and 3;

115A.14, subdivision 4; 115A.15, subdivision 5; 115A.165; 115A.29, subdivision 3; 115A.411, subdivision 1; 115A.551, subdivisions 4 and 5; 115A.557, subdivision 4; 115A.965, subdivision 7; 115A.981, subdivision 3; 115B.20, subdivisions 5 and 6; 115B.412, subdivision 10; 115D.10; 115E.08; 116.10; 116.62, subdivision 7; 116.98, subdivision 3; 116C.04, subdivision 2; 116C.06, subdivision 3; 116C.712, subdivisions 1 and 5; 116C.731, subdivision 4; 116F.06, subdivision 4; 116J.555, subdivision 2; 116J.58, subdivision 1, clauses (15) and (19); 116J.693, subdivision 8; 116J.986, subdivision 2; 116J.990, subdivision 6; 116M.17, subdivision 4; 116N.04, subdivision 5; 116N.06; 116O.071, subdivision 1; 116O.122, subdivision 2; 116O.15; 116P.05, subdivision 2; 116P.07; 116P.08, subdivisions 3, 4, and 6; 116P.09, subdivision 7; 116R.02, subdivision 3; 121.11, subdivision 7c; 121.14; 121.207, subdivision 3; 124.2131, subdivision 1; 124.431, subdivision 7; 124A.30; 124C.03, subdivision 6; 125.05, subdivision 7; 126B.02, subdivision 2; 128C.02, subdivision 6; 128C.12, subdivision 3; 129D.02, subdivision 5; 135A.06, subdivision 1; 135A.09; 135A.20, article IV, paragraph (A); 136.142, subdivision 1; 136.41, subdivision 8; 136A.07; 136A.1702; 136E.04, subdivision 3; 137.02, subdivision 3a; 137.0245, subdivision 4; 144.07; 144.392; 144.701, subdivision 4; 144.874, subdivision 12; 144.878, subdivision 5; 144A.071, subdivisions 4 and 5; 144A.073, subdivision 3; 144A.31, subdivision 5; 145A.15, subdivision 4; 152.151; 169.435, subdivision 2; 169.685, subdivision 7; 174.02, subdivision 6; 175.171; 176.129, subdivision 12; 176.136, subdivision 3; 192.52; 209.10, subdivision 3; 214.10, subdivision 8; 216C.02, subdivision 1; 236A.01, article III, paragraph (a)(10); 240.18, subdivision 2; 240A.03, subdivision 15; 241.01, subdivision 5; 241.67, subdivision 8; 244.09, subdivisions 6, 11, and 14; 245.494, subdivision 1; 245.98, subdivision 3; 246.12; 252.46, subdivision 3; 256.014, subdivision 3; 256B.0625, subdivision 19b; 256B.0913, subdivision 14; 256B.0915, subdivision 3; 256B.49, subdivision 4; 256B.501, subdivision 3c; 256F.13, subdivision 3; 256I.05, subdivision 7b; 257.0725; 268.36; 268.367; 268.37, subdivision 5; 268.38, subdivision 11; 268.65, subdivision 1; 268.916; 270.06, paragraphs (10) and (12); 270.063; 270.067, subdivisions 2 and 4; 270.0682, subdivision 1; 290.171, article VI, paragraph 4. (a); 290.431; 298.22, subdivision 2; 299A.32, subdivision 3; 299A.35, subdivision 3; 299C.18; 300.63; 352.91, subdivision 4; 353A.05, subdivision 1; 353B.14; 356.20, subdivision 3; 356.215, subdivisions 3 and 6; 356.218, subdivision 1; 356.219, subdivision 4; 356.23, subdivision 2; 356.24, subdivision 2; 356.88; 401.065, subdivision 4; 402.04, subdivision 3; 422A.06, subdivision 8; 423B.15, subdivision 5; 446A.04, subdivision 5; 446A.09; 462A.22, subdivision 9; 465.796, subdivision 2; 473.149, subdivision 6; 473.155, subdivision 4; 473.616, subdivision 4; 473.621, subdivision 1a; 473.661, subdivision 4; 473.845, subdivision 4; 473.846; 473.848, subdivision 4; 480.15; 490.124, subdivision 11; 609.5315, subdivision 6; 611.215, subdivision 2; 611.216, subdivision 1; 626.553, subdivision 2; 626.5531, subdivision 2; 626.843, subdivision 4; 626A.17, subdivision 3; and 638.075. During the 1995 interim, the revisor of statutes shall prepare a bill to remove from Minnesota Statutes any language that creates a requirement for a report that is abolished by this act. As part of the preparation of the bill, the revisor shall request from the chair of each committee of the house of representatives and senate any changes that the chair recommends regarding the proper recipients of reports, the possibility of combining reports, and the frequency of reports.

Subd. 2. Reports required by the following sections are also excepted from the abolition of reports by subdivision 1: Minnesota Statutes, sections 1.21, article V, paragraph B; 3.07; 3.153, subdivisions 1 and 4; 3.30, subdivision 1; 3.304, subdivision 2a; 3.305, subdivision 1; 3.738, subdivision 1; 3.739, subdivision 2; 3.842, subdivision 6; 3.844; 3.846; 3.85, subdivisions 2 and 9; 3.861, subdivision 2; 3.887, subdivision 5; 3.922, subdivision 6; 3.9221, subdivision 5; 3.9222, subdivision 4; 3.9223, subdivisions 3 and 7; 3.9225, subdivisions 3 and 7; 3.9226, subdivisions 3 and 7; 3.982; 3C.03, subdivisions 2 and 3; 3C.035, subdivision 1; 3C.04, subdivisions 3, 4, and 5; 4.45, subdivision 2; 4.47; 4A.02; 8.13; 8.32, subdivision 2; 9.061, subdivision 4; 10.44; 10.47; 10A.05; 10A.035; 11A.17, subdivision 11; 14.08; 14.115, subdivision 8; 14.12; 14.15, subdivisions 3 and 4; 14.19; 14.23; 14.26, subdivisions 1 and 3; 14.32, subdivision 2; 15.0597, subdivision 3; 15.06, subdivision 2; 15.063; 15.16, subdivision 5; 15.161; 15.91, subdivision 2; 15.95, subdivision 3; 16A.055, subdivision 1; 16A.27, subdivisions 2 and 4; 16B.21, subdivisions 1 and 2; 16B.24, subdivisions 1 and 6a; 16B.305, subdivision 3; 16B.31, subdivision 6; 16B.36, subdivision 1; 16B.37, subdivisions 1 and 2; 16B.40, subdivisions 2 and 5; 16B.41, subdivision 2; 16B.42, subdivision 3; 16B.45; 16B.75, article VI; 17.03, subdivision 7; 17.114, subdivisions 3, 4, and 15; 17.49, subdivision 3; 18.0228, subdivision 3; 18.023, subdivision 11; 18.024, subdivision 1; 18.62, article IV; 18E.06; 28A.20, subdivision 5; 37.06; 40A.17; 41.53, subdivision 3; 41B.036, paragraph (m); 43A.04, subdivision 9; 43A.05, subdivisions 5 and 6; 43A.06, subdivision 4;

43A.17, subdivision 9; 43A.18, subdivisions 2, 3, 3a, 4, 4a, and 5; 43A.191, subdivision 3; 60A.092, subdivision 3; 62A.62, subdivision 1; 62J.05, subdivision 1; 62L.08, subdivision 10; 62N.35; 62Q.33, subdivision 5; 69.051, subdivision 4; 85.015, subdivisions 12 and 13; 85A.02, subdivision 12; 90.172; 92.37; 93.002, subdivision 4; 94.09, subdivision 5; 103A.43; 103B.101, subdivision 9; 103B.321, subdivision 1; 103B.351; 103F.377; 103F.393; 103F.461; 103G.265, subdivisions 2, 3, and 4; 103G.525; 103G.545, subdivision 2; 103H.175, subdivision 3; 103H.275, subdivision 1; 115A.158, subdivision 3; 115A.193; 115A.5501, subdivision 2; 115A.89; 115A.9651, subdivision 2; 115B.22, subdivision 8; 115B.28, subdivision 1; 115D.15, subdivision 2; 116.03, subdivision 3; 116.10; 116C.34, subdivision 2; 116C.69, subdivision 1; 116C.831, article III, paragraph i., clause 2; 116C.833, subdivision 2; 116C.841; 116C.842, subdivision 1; 116D.10; 116G.15; 116J.581, subdivisions 2 and 3; 116J.85, subdivision 3; 116O.09, subdivision 2; 116O.091, subdivision 4; 116P.06, subdivision 2; 116P.12, subdivision 1; 116Q.02, subdivision 2; 116R.02, subdivision 9; 116S.08; 121.16, subdivision 3; 121.931, subdivisions 3 and 4; 124.14, subdivision 3a; 126.239, subdivision 4; 126A.12; 128B.08; 128C.20, subdivision 2; 129D.155; 135A.046, subdivision 3; 137.022, subdivision 4; 137.31, subdivision 6; 138.667; 138.763, subdivision 2; 138.91, subdivision 1; 138A.06; 144.564, subdivision 3; 144.672, subdivision 2; 144.693, subdivision 2; 144.70, subdivision 1; 145.882, subdivision 8; 169.832, subdivision 13; 175.007, subdivision 2; 176.222; 176A.10; 178.01; 181.9435; 192.501, subdivision 3; 196.06, subdivision 2; 214.07, subdivision 2; 216C.051, subdivision 4; 216C.09; 216C.15, subdivisions 2 and 3; 216C.18, subdivisions 1 and 1a; 216C.315; 216C.33, subdivision 2; 239.101, subdivision 5; 240.02, subdivision 6; 245.494, subdivision 2; 246.022, subdivision 4; 254A.03, subdivision 1; 256.9657, subdivision 8; 256.969, subdivisions 1 and 9, paragraphs (a) and (b); 268.0122, subdivisions 3 and 4; 268.0124; 268.12, subdivisions 2 and 5; 268.15, subdivision 2; 268.363; 268.92, subdivision 10; 268.98, subdivision 2; 270.71; 282.018, subdivision 1; 298.298; 299A.01, subdivision 5; 299C.65; 299F.093, subdivision 1; 299K.08, subdivision 4; 349.151, subdivision 4; 349A.14; 349A.15; 352.03, subdivision 6, paragraphs (7) and (14); 352.04, subdivision 3; 352.92, subdivision 2; 352B.02, subdivision 1e; 353.03, subdivision 3a; 354.06, subdivision 2a; 354.42, subdivision 5; 354A.021, subdivision 7; 354A.12, subdivision 2b; 355.50; 356.217; 356A.06, subdivision 5; 403.12, subdivision 12; 462.385, subdivision 1; 462.393, subdivisions 1 and 2; 462A.073, subdivision 5; 462A.201, subdivision 6; 462A.207, subdivision 6; 462C.04, subdivision 4; 462C.071, subdivision 6; 466A.08; 469.055, subdivision 1; 469.154, subdivision 1; 469.169, subdivision 3; 469.173, subdivision 3; 469.207, subdivision 1; 471.999; 473.123, subdivision 4; 473.13, subdivision 1a; 473.143, subdivision 5; 473.1623, subdivision 6; 473.165; 473.173, subdivision 6; 473.245; 473.351, subdivision 2; 473.386, subdivision 2; 473.604, subdivision 1; and 473.704, subdivision 19.

Subd. 3. [RETENTION; ADDITIONAL REPORTS.] If the speaker of the house of representatives, the minority leader of the senate or the house of representatives, or the chair of a standing committee of the senate or the house, notifies the revisor before October 15, 1995, that a report not referenced in subdivision 1 or 2 should also be retained, that report is not abolished, and the revisor shall not include language relating to that report in the bill required by subdivision 1. The revisor shall also notify the affected agency that its obligation to submit the report is not abolished.

ARTICLE 2

LEGISLATIVE COMMISSIONS

Section 1. Minnesota Statutes 1994, section 3.303, subdivision 5, is amended to read:

Subd. 5. The commission shall represent the legislature and assist state agencies to make arrangements to accommodate and appropriately recognize individuals or groups visiting Minnesota as direct or indirect representatives of foreign governments, other states, or subdivisions or agencies of foreign governments or other states and to provide other services determined by the commission.

Subd. 6. The commission may make grants, employ an executive director and other staff, and obtain office space, equipment, and supplies necessary to perform its duties.

Sec. 2. Minnesota Statutes 1994, section 3.305, is amended to read:

3.305 [LEGISLATIVE COORDINATING COMMISSION; ~~BUDGET AUTHORITY~~ BICAMERAL LEGISLATIVE ADMINISTRATION.]

Subdivision 1. [~~REVIEW~~ DEFINITIONS.] (a) "Legislative commission" means a joint commission, committee, or other entity in the legislative branch composed exclusively of members of the senate and the house of representatives.

(b) "Joint offices" means the revisor of statutes, legislative reference library, the office of legislative auditor, and any other joint legislative service office.

Subd. 1a. [APPROVAL OF ~~COMMISSION~~ BUDGETS; ~~ADDITIONAL STAFF~~; COMPENSATION.] The ~~administrative~~ budget request of ~~any statutory~~ a legislative commission ~~the majority of whose members are members of the legislature~~ or joint office shall be submitted to the legislative coordinating commission for review and ~~comment~~ approval before its submission to the ~~finance committee~~ appropriate fiscal committees of the senate and ~~the appropriations committee of~~ the house of representatives. ~~No such commission shall employ additional personnel without first having received the recommendation of the legislative coordinating commission.~~ In reviewing the budgets, the legislative coordinating commission shall evaluate and make recommendations on how to improve the efficiency and effectiveness of bicameral support functions and services and on whether there is a continuing need for the various legislative commissions. The executive director of the legislative coordinating commission shall recommend and the commission shall establish the compensation of all employees of any ~~statutory~~ legislative commission or joint office, except classified employees of the legislative audit commission~~, the majority of whose members are members of the legislature~~.

Subd. 2. [TRANSFERS.] The legislative coordinating commission may transfer unobligated balances among general fund appropriations to the legislature.

Subd. 3. [EMPLOYEES.] All employees of legislative commissions and joint offices are employees of the legislature in the unclassified service of the state, except classified employees in the legislative auditor's office.

Subd. 4. [ADMINISTRATIVE STAFF FOR COMMISSIONS.] The executive director of the legislative coordinating commission shall provide and manage office space and equipment and hire, supervise, and manage all administrative, clerical, and secretarial staff for all legislative commissions, except the legislative advisory commission and the legislative audit commission.

Subd. 5. [GEOGRAPHIC INFORMATION SYSTEMS.] The executive director of the legislative coordinating commission shall maintain a geographic information systems office. The office shall maintain the data, facilities, and technical capacity to draw electoral district boundaries. The legislative coordinating commission shall establish procedures to provide members of the house and senate with geographic information and mapping services on request.

Subd. 6. [BICAMERAL WORKING GROUPS.] The legislative coordinating commission may establish joint commissions, committees, subcommittees, task forces, and similar bicameral working groups to assist and advise the coordinating commission in carrying out its duties. The customary appointing authority in each house shall appoint the members of any such entity. The coordinating commission may delegate to an entity, in writing, specific powers and duties of the coordinating commission. All entities established by the commission under this subdivision expire on January 1 of each odd-numbered year, unless renewed by affirmative action of the commission.

Subd. 7. [MEMBERSHIP ON LEGISLATIVE COMMISSIONS.] The appointment of a member to a legislative commission, except a member serving ex officio, is rendered void by three unexcused absences of the member from the meetings of the commission. If an appointment becomes void, the legislative commission shall notify the appointing authority of this and request another appointment.

Sec. 3. Minnesota Statutes 1994, section 3.85, subdivision 5, is amended to read:

Subd. 5. [STAFF.] The commission may employ professional~~, clerical,~~ and technical assistants as it deems necessary to perform the duties prescribed in this section.

Sec. 4. Minnesota Statutes 1994, section 3.855, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITIONS.] "Commission" means the legislative coordinating commission or a legislative commission established by the coordinating commission, as provided in section 3.305,

subdivision 6, to exercise the powers and discharge the duties of the coordinating commission under this section or other law requiring action by the coordinating commission on matters of public employment or compensation.

Sec. 5. Minnesota Statutes 1994, section 216C.051, subdivision 6, is amended to read:

Subd. 6. [ASSESSMENT; APPROPRIATION.] On request by the cochairs of the legislative task force and ~~the director~~ after approval of the legislative coordinating commission, the commissioner of the department of public service shall assess from electric utilities, in addition to assessments made under section 216B.62, the amount requested for the studies and analysis required in subdivisions 3 and 4 and for operation of the task force not to exceed $350,000. This authority to assess continues until the commissioner has assessed a total of $350,000. The amount assessed under this section is appropriated to the director of the legislative coordinating commission for those purposes, and is available until expended.

Sec. 6. [BICAMERAL ADMINISTRATION.]

Subdivision 1. [LEGISLATIVE COMMISSIONS; CESSATION.] Each legislative commission as defined in section 2, subdivision 1, of this article, except the legislative coordinating commission, the legislative advisory commission, and the legislative audit commission, shall cease operation on July 1, 1996, unless the legislative coordinating commission elects, by affirmative action taken by January 1, 1996, to continue the operation of the commission either alone or in combination with another legislative commission. The statutory functions and duties, if any, of a commission that ceases operation under this provision shall be performed as determined necessary by the legislative coordinating commission.

Subd. 2. [COORDINATING COMMISSION; RECOMMENDATIONS.] By January 1, 1996, the legislative coordinating commission shall make recommendations to the house of representatives and senate on how to provide more efficient and effective legislative support facilities, functions, and services on a bicameral basis. The recommendations must address at least the following subjects: accounting, procurement, contracts, payroll, and other similar business services and systems; computers, telephones, and other office technology; and public access facilities and services, including television and public information.

Subd. 3. [EMPLOYEE TRANSFERS; REDUCTIONS.] (a) The staff complement of the legislative commission on employee relations is transferred to the legislative coordinating commission.

(b) The staff complement of the legislative commission on planning and fiscal policy is eliminated effective August 1, 1995. Staff required by the commission shall be provided by existing legislative staff offices. Administrative staff required by the commission shall be provided by the house of the chair of the commission.

Sec. 7. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall substitute the term "legislative coordinating commission" for the term "legislative commission on employee relations" in the following sections: 15A.081, subdivisions 1, 7, and 7b; 43A.04, subdivision 7; 43A.05, subdivisions 3, 5, and 6; 43A.06, subdivision 4; 43A.17, subdivision 9; and 43A.18, subdivisions 2 and 3.

Sec. 8. [REPEALER.]

Minnesota Statutes 1994, sections 3.304, subdivision 2; 3.855, subdivision 1; 3.861; 3.863; 3.864; 3.873, subdivision 9; 3.881; 3.882; 3.885, subdivisions 1a, 3, 6, 7, and 8; 3.9227; and 256B.504, are repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective July 1, 1995.

ARTICLE 3

REPEALED RULES

Section 1. [REPEALER; DEPARTMENT OF AGRICULTURE.]

Minnesota Rules, parts 1540.0010, subparts 12, 18, 21, 22, and 24; 1540.0060; 1540.0070; 1540.0080; 1540.0100; 1540.0110; 1540.0120; 1540.0130; 1540.0140; 1540.0150; 1540.0160; 1540.0170; 1540.0180; 1540.0190; 1540.0200; 1540.0210; 1540.0220; 1540.0230; 1540.0240; 1540.0260; 1540.0320; 1540.0330; 1540.0340; 1540.0350; 1540.0370; 1540.0380; 1540.0390; 1540.0400; 1540.0410; 1540.0420; 1540.0440; 1540.0450; 1540.0460; 1540.0490; 1540.0500; 1540.0510; 1540.0520; 1540.0770; 1540.0780; 1540.0800; 1540.0810; 1540.0830; 1540.0880; 1540.0890; 1540.0900; 1540.0910; 1540.0920; 1540.0930; 1540.0940; 1540.0950; 1540.0960; 1540.0970; 1540.0980; 1540.0990; 1540.1000; 1540.1005; 1540.1010; 1540.1020; 1540.1030; 1540.1040; 1540.1050; 1540.1060; 1540.1070; 1540.1080; 1540.1090; 1540.1100; 1540.1110; 1540.1120; 1540.1130; 1540.1140; 1540.1150; 1540.1160; 1540.1170; 1540.1180; 1540.1190; 1540.1200; 1540.1210; 1540.1220; 1540.1230; 1540.1240; 1540.1250; 1540.1255; 1540.1260; 1540.1280; 1540.1290; 1540.1300; 1540.1310; 1540.1320; 1540.1330; 1540.1340; 1540.1350; 1540.1360; 1540.1380; 1540.1400; 1540.1410; 1540.1420; 1540.1430; 1540.1440; 1540.1450; 1540.1460; 1540.1470; 1540.1490; 1540.1500; 1540.1510; 1540.1520; 1540.1530; 1540.1540; 1540.1550; 1540.1560; 1540.1570; 1540.1580; 1540.1590; 1540.1600; 1540.1610; 1540.1620; 1540.1630; 1540.1640; 1540.1650; 1540.1660; 1540.1670; 1540.1680; 1540.1690; 1540.1700; 1540.1710; 1540.1720; 1540.1730; 1540.1740; 1540.1750; 1540.1760; 1540.1770; 1540.1780; 1540.1790; 1540.1800; 1540.1810; 1540.1820; 1540.1830; 1540.1840; 1540.1850; 1540.1860; 1540.1870; 1540.1880; 1540.1890; 1540.1900; 1540.1905; 1540.1910; 1540.1920; 1540.1930; 1540.1940; 1540.1950; 1540.1960; 1540.1970; 1540.1980; 1540.1990; 1540.2000; 1540.2010; 1540.2015; 1540.2020; 1540.2090; 1540.2100; 1540.2110; 1540.2120; 1540.2180; 1540.2190; 1540.2200; 1540.2210; 1540.2220; 1540.2230; 1540.2240; 1540.2250; 1540.2260; 1540.2270; 1540.2280; 1540.2290; 1540.2300; 1540.2310; 1540.2320; 1540.2325; 1540.2330; 1540.2340; 1540.2350; 1540.2360; 1540.2370; 1540.2380; 1540.2390; 1540.2400; 1540.2410; 1540.2420; 1540.2430; 1540.2440; 1540.2450; 1540.2490; 1540.2500; 1540.2510; 1540.2530; 1540.2540; 1540.2550; 1540.2560; 1540.2570; 1540.2580; 1540.2590; 1540.2610; 1540.2630; 1540.2640; 1540.2650; 1540.2660; 1540.2720; 1540.2730; 1540.2740; 1540.2760; 1540.2770; 1540.2780; 1540.2790; 1540.2800; 1540.2810; 1540.2820; 1540.2830; 1540.2840; 1540.3420; 1540.3430; 1540.3440; 1540.3450; 1540.3460; 1540.3470; 1540.3560; 1540.3600; 1540.3610; 1540.3620; 1540.3630; 1540.3700; 1540.3780; 1540.3960; 1540.3970; 1540.3980; 1540.3990; 1540.4000; 1540.4010; 1540.4020; 1540.4030; 1540.4040; 1540.4080; 1540.4190; 1540.4200; 1540.4210; 1540.4220; 1540.4320; 1540.4330; and 1540.4340, are repealed.

Sec. 2. [REPEALER; DEPARTMENT OF COMMERCE.]

Minnesota Rules, parts 2642.0120, subpart 1; 2650.0100; 2650.0200; 2650.0300; 2650.0400; 2650.0500; 2650.0600; 2650.1100; 2650.1200; 2650.1300; 2650.1400; 2650.1500; 2650.1600; 2650.1700; 2650.1800; 2650.1900; 2650.2000; 2650.2100; 2650.3100; 2650.3200; 2650.3300; 2650.3400; 2650.3500; 2650.3600; 2650.3700; 2650.3800; 2650.3900; 2650.4000; 2650.4100; 2655.1000; 2660.0070; and 2770.7400, are repealed.

Sec. 3. [REPEALER; DEPARTMENT OF HEALTH.]

Minnesota Rules, part 4610.2210, is repealed.

Sec. 4. [REPEALER; DEPARTMENT OF HUMAN SERVICES.]

Minnesota Rules, parts 9540.0100; 9540.0200; 9540.0300; 9540.0400; 9540.0500; 9540.1000; 9540.1100; 9540.1200; 9540.1300; 9540.1400; 9540.1500; 9540.2000; 9540.2100; 9540.2200; 9540.2300; 9540.2400; 9540.2500; 9540.2600; and 9540.2700, are repealed.

Sec. 5. [REPEALER; POLLUTION CONTROL AGENCY.]

Minnesota Rules, parts 7002.0410; 7002.0420; 7002.0430; 7002.0440; 7002.0450; 7002.0460; 7002.0470; 7002.0480; 7002.0490; 7047.0010; 7047.0020; 7047.0030; 7047.0040; 7047.0050; 7047.0060; 7047.0070; 7100.0300; 7100.0310; 7100.0320; 7100.0330; 7100.0335; 7100.0340; and 7100.0350, are repealed.

Sec. 6. [REPEALER; DEPARTMENT OF PUBLIC SAFETY.]

Minnesota Rules, parts 7510.6100; 7510.6200; 7510.6300; 7510.6350; 7510.6400; 7510.6500; 7510.6600; 7510.6700; 7510.6800; 7510.6900; and 7510.6910, are repealed.

Sec. 7. [REPEALER; DEPARTMENT OF PUBLIC SERVICE.]

Minnesota Rules, parts 7600.0100; 7600.0200; 7600.0300; 7600.0400; 7600.0500; 7600.0600; 7600.0700; 7600.0800; 7600.0900; 7600.1000; 7600.1100; 7600.1200; 7600.1300; 7600.1400; 7600.1500; 7600.1600; 7600.1700; 7600.1800; 7600.1900; 7600.2000; 7600.2100; 7600.2200; 7600.2300; 7600.2400; 7600.2500; 7600.2600; 7600.2700; 7600.2800; 7600.2900; 7600.3000; 7600.3100; 7600.3200; 7600.3300; 7600.3400; 7600.3500; 7600.3600; 7600.3700; 7600.3800; 7600.3900; 7600.4000; 7600.4100; 7600.4200; 7600.4300; 7600.4400; 7600.4500; 7600.4600; 7600.4700; 7600.4800; 7600.4900; 7600.5000; 7600.5100; 7600.5200; 7600.5300; 7600.5400; 7600.5500; 7600.5600; 7600.5700; 7600.5800; 7600.5900; 7600.6000; 7600.6100; 7600.6200; 7600.6300; 7600.6400; 7600.6500; 7600.6600; 7600.6700; 7600.6800; 7600.6900; 7600.7000; 7600.7100; 7600.7200; 7600.7210; 7600.7300; 7600.7400; 7600.7500; 7600.7600; 7600.7700; 7600.7750; 7600.7800; 7600.7900; 7600.8100; 7600.8200; 7600.8300; 7600.8400; 7600.8500; 7600.8600; 7600.8700; 7600.8800; 7600.8900; 7600.9000; 7600.9100; 7600.9200; 7600.9300; 7600.9400; 7600.9500; 7600.9600; 7600.9700; 7600.9800; 7600.9900; 7625.0100; 7625.0110; 7625.0120; 7625.0200; 7625.0210; 7625.0220; and 7625.0230, are repealed.

Sec. 8. [REPEALER; DEPARTMENT OF REVENUE.]

Minnesota Rules, parts 8120.1100, subpart 3; 8121.0500, subpart 2; 8130.9912; 8130.9913; 8130.9916; 8130.9920; 8130.9930; 8130.9956; 8130.9958; 8130.9968; 8130.9972; 8130.9980; and 8130.9992, are repealed.

ARTICLE 4

CONFORMING AMENDMENTS

Section 1. Minnesota Rules, part 1540.2140, is amended to read:

1540.2140 DISPOSITION OF CONDEMNED MEAT OR PRODUCT AT OFFICIAL ESTABLISHMENTS HAVING NO TANKING FACILITIES.

Any carcass or product condemned at an official establishment which has no facilities for tanking shall be denatured with crude carbolic acid, cresylic disinfectant, or other prescribed agent, or be destroyed by incineration under the supervision of a department employee. When such carcass or product is not incinerated it shall be slashed freely with a knife, before the denaturing agent is applied.

Carcasses and products condemned on account of anthrax, ~~and the materials identified in parts 1540.1300 to 1540.1360,~~ which are derived therefrom at establishments which are not equipped with tanking facilities shall be disposed of by complete incineration, or by thorough denaturing with a prescribed denaturant, and then disposed of in accordance with the requirements of the Board of Animal Health, who shall be notified immediately by the inspector in charge.

Sec. 2. Minnesota Rules, part 7001.0140, subpart 2, is amended to read:

Subp. 2. **Agency findings.** The following findings by the agency constitute justification for the agency to refuse to issue a new or modified permit, to refuse permit reissuance, or to revoke a permit without reissuance:

A. that with respect to the facility or activity to be permitted, the proposed permittee or permittees will not comply with all applicable state and federal pollution control statutes and rules administered by the agency, or conditions of the permit;

B. that there exists at the facility to be permitted unresolved noncompliance with applicable state and federal pollution control statutes and rules administered by the agency, or conditions of the permit and that the permittee will not undertake a schedule of compliance to resolve the noncompliance;

C. that the permittee has failed to disclose fully all facts relevant to the facility or activity to be permitted, or that the permittee has submitted false or misleading information to the agency or to the commissioner;

D. that the permitted facility or activity endangers human health or the environment and that the danger cannot be removed by a modification of the conditions of the permit;

E. that all applicable requirements of Minnesota Statutes, chapter 116D and the rules adopted under Minnesota Statutes, chapter 116D have not been fulfilled;

F. that with respect to the facility or activity to be permitted, the proposed permittee has not complied with any requirement under parts 7002.0210 to 7002.0310~~, 7002.0410 to 7002.0490,~~ or chapter 7046 to pay fees; or

G. that with respect to the facility or activity to be permitted, the proposed permittee has failed to pay a penalty owed under Minnesota Statutes, section 116.072.

Sec. 3. Minnesota Rules, part 7001.0180, is amended to read:

7001.0180 JUSTIFICATION TO COMMENCE REVOCATION WITHOUT REISSUANCE OF PERMIT.

The following constitute justification for the commissioner to commence proceedings to revoke a permit without reissuance:

A. existence at the permitted facility of unresolved noncompliance with applicable state and federal pollution statutes and rules or a condition of the permit, and refusal of the permittee to undertake a schedule of compliance to resolve the noncompliance;

B. the permittee fails to disclose fully the facts relevant to issuance of the permit or submits false or misleading information to the agency or to the commissioner;

C. the commissioner finds that the permitted facility or activity endangers human health or the environment and that the danger cannot be removed by a modification of the conditions of the permit;

D. the permittee has failed to comply with any requirement under parts 7002.0210 to 7002.0310~~, 7002.0410 to 7002.0490,~~ or chapter 7046 to pay fees; or

E. the permittee has failed to pay a penalty owed under Minnesota Statutes, section 116.072.

Sec. 4. Minnesota Rules, part 8130.3500, subpart 3, is amended to read:

Subp. 3. **Motor carrier direct pay certificate.** A motor carrier direct pay certificate will be issued to qualified electing carriers by the commissioner of revenue and will be effective as of the date shown on the certificate. ~~A facsimile of the authorized motor carrier direct pay certificate is reproduced at part 8130.9958.~~

Sec. 5. Minnesota Rules, part 8130.6500, subpart 5, is amended to read:

Subp. 5. **Sale of aircraft.** When the dealer sells the aircraft, the selling price must be included in gross sales. The fact that the aircraft commercial use permit has not expired or that the dealer has reported and paid use tax on the aircraft has no effect on the taxability of the sale. The dealer must return the aircraft commercial use permit (unless previously returned) when the dealer files the sales and use tax return for the month in which the sale was made. No credit or refund is given for the $20 fee originally paid.

~~A facsimile of the authorized aircraft commercial use permit is reproduced at part 8130.9992.~~

ARTICLE 5

ENVIRONMENTAL REORGANIZATION

Section 1. [FINDINGS.]

The legislature finds as follows: the current assignment of environmental and natural resources programs among many state agencies creates confusion and frustration for citizens and decision makers. The environmental and natural resources services provided by these programs can be better delivered by reorganizing related functions so that citizens of Minnesota have easier access

to the programs. Reorganization can provide more responsiveness to citizens, will ensure less fragmentation of environmental and natural resources policies, will minimize overlapping responsibilities among agencies, and will ensure better coordination of environmental and natural resources policies.

Sec. 2. [REORGANIZATION.]

Subdivision 1. [GOALS.] The legislature finds that it is desirable to develop a plan to reorganize state services relating to the protection of the environment, protection of farmland, and the management of natural resources to achieve the following goals:

(1) sustainable development throughout all regions of the state and all sectors of the economy;

(2) improved delivery of services;

(3) a preventative, precautionary approach to environmental degradation;

(4) citizen participation in relevant decision-making processes; and

(5) progressively less air, land, and water pollution.

Subd. 2. [DEFINITION.] "Sustainable development" means management and development of environmental resources to ensure both sustainable human progress and environmental protection by meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Sec. 3. [OUTCOMES.]

A reorganization plan must show how state agencies can be reorganized to achieve the following outcomes:

(1) consolidation, where appropriate, of many of the state's diverse environmental and natural resource programs;

(2) better coordination of programs and activities relating to environmental and natural resource matters;

(3) improved citizen access to pertinent, understandable information;

(4) establishment of an expeditious review process for agency actions;

(5) establishment of a policy planning framework for sustainable development;

(6) integrated licensing and permitting through a single access point;

(7) identification and review of specifications and programs that should be eliminated or accomplished by different means;

(8) decentralization of the service-delivery system for the benefit of citizens of the state as consumers of services;

(9) management based on appropriate geographical natural resource characteristics;

(10) development of the polluter-pays principle through a balanced system of regulatory controls and financial incentives; and

(11) the flexibility to enable state and local governments to coordinate and cooperate as well as identify and address existing and emerging environmental issues of state, national, and international import.

Sec. 4. [REORGANIZATION STUDY.]

Subdivision 1. [GOVERNOR'S DESIGNEES.] Within 30 days of the effective date of this section, the governor shall designate a commissioner or group of commissioners to develop a plan to reorganize state services relating to the protection of the environment and the management of

natural resources. The governor's designee or designees shall consult with legislators designated by the legislative coordinating commission under subdivision 2 in developing the plan.

Subd. 2. [LEGISLATIVE DESIGNEES.] Within 30 days of the effective date of this section, the legislative coordinating commission shall designate a group of legislators to develop a plan to reorganize state services relating to the protection of the environment and the management of natural resources. The designees must include the chairs of the house and senate committees on environment and natural resources, unless the chairs decline. The legislative designees shall consult with the governor's designee or designees named under subdivision 1 in developing the plan.

Subd. 3. [PUBLIC, STATE EMPLOYEE INPUT.] The designees of the governor and the legislative coordinating commission may appoint stakeholder advisory councils to facilitate public input and state employee input on state services relating to the protection of the environment and the management of natural resources.

Subd. 4. [ACTIVITIES.] (a) The designees named under subdivisions 1 and 2 shall serve as partners in studying the delivery of state services and the performance of state functions and shall recommend changes that would achieve the goals and outcomes outlined in sections 2 and 3. These recommendations must be submitted to the legislature by December 15, 1996.

(b) As part of their study, the designees shall examine special purpose districts, including soil and water conservation districts, watershed districts, lake improvement districts, lake conservation districts, and water management organizations, and shall recommend steps to eliminate overlapping jurisdictions, duplicative responsibilities, and duplicative funding mechanisms. These recommendations must be submitted to the legislature by December 15, 1995.

(c) As part of their study, the designees shall examine boards, commissions, councils, and task forces, including the office of environmental assistance and the board of water and soil resources and other organizations and advisory bodies providing or regulating state services relating to the protection of the environment, protection of farmland, and the management of natural resources, and shall recommend steps to increase accountability and eliminate overlapping jurisdictions, duplicative responsibilities and programs, and duplicative funding mechanisms.

ARTICLE 6

PUBLIC SERVICE

Section 1. [REGULATORY AND ADMINISTRATIVE STRUCTURE.]

By January 15, 1996, the commissioner of the department of public service and the chair of the public utilities commission shall jointly submit to the legislature a recommendation on the desirability of restructuring the department and the commission, including whether or not to have a unified structure. The recommendation must address the desirability and feasibility of:

(1) an administrative structure that would provide for the greatest possible independence of the public utilities commission in its exercise of quasi-judicial functions;

(2) guidelines that would prevent any employee engaged in the performance of investigative or advocating functions for an agency in a case before the commission from, in that case or a factually related case, participating or advising in the decision of the commission, except as a witness or counsel in public proceedings;

(3) the assignment to the public utilities commission of duties and responsibilities as are quasi-judicial in nature;

(4) the joint provision of, administrative and support services including, at a minimum, personnel, purchasing, budgeting, information systems, and similar services;

(5) a reduction in staffing levels, from the existing staff of both the department and the commission, to achieve savings;

(6) changes in the statutory provisions, and recodification of relevant provisions in Minnesota Statutes, chapter 216E, regarding the department and the commission necessary to carry out the

policies of this article, including the identification of obsolete, redundant, or unnecessary functions that are currently required of the department or the commission;

(7) the appropriate number of commissioners on the public utilities commission within a restructured organization; and

(8) the transfer of intervention staff to the attorney general's office.

ARTICLE 7

TRANSPORTATION REGULATION BOARD

Section 1. [STUDY OF BOARD POWERS, DUTIES, AND FUNCTIONS.]

Of the amount appropriated for fiscal year 1996 to the transportation regulation board, $100,000 is for the board, in cooperation with the commissioner of transportation, the center for transportation studies, and the legislative auditor, to conduct a study of the transfer of powers, duties, and functions of the board to an appropriate agency. The study must include (1) which powers of the board should be eliminated, and (2) the relocation to other agencies of those powers of the board that should be retained. In conducting the study, the board shall establish and consult with an advisory committee that includes, but is not limited to, representatives of for-hire and private trucking, including household goods movers; representatives of for-hire and private passenger carriers, including limousines and personal transportation consumers; and members of legislative committees and divisions that are responsible for transportation policy or funding. The board shall submit a report on the study, including recommendations and draft legislation, to the legislature by February 1, 1996.

Sec. 2. [VACANCIES.]

Vacancies on the transportation regulation board may not be filled after the effective date of this section. Upon request of the board, the chief administrative law judge of the office of administrative hearings shall designate an administrative law judge to serve as a temporary member of the board in regard to a specific matter before the board.

Sec. 3. [ABOLITION.]

The transportation regulation board is abolished July 1, 1996, provided that a law is enacted transferring the remaining functions of the board.

Sec. 4. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment.

ARTICLE 8

LEGISLATIVE OVERSIGHT

Section 1. [ECONOMIC-ASSISTANCE AGENCY REVIEW.]

(a) The legislative coordinating commission or its designee shall study the desirability and feasibility of merging or otherwise reorganizing the department of trade and economic development, the department of economic security, and other agencies that provide assistance to businesses and promote the economic development of the state. In conducting its study, the commission shall consider the principles on efficiency of state agency operations set out in article 11. The commission shall report its findings and recommendations to the committee on governmental operations of the house of representatives and the committee on governmental operations and veterans of the senate by February 1, 1996. The commission is responsible for the planning, coordination, and oversight of any subsequent reorganization of agencies covered by its study and recommendations.

(b) The legislative audit commission is asked to consider directing the legislative auditor to:

(1) undertake a program evaluation of the economic recovery grant program and other programs that provide state financial assistance to businesses; and

(2) recommend criteria for grant eligibility and performance measures for evaluating grant and loan programs.

(c) Notwithstanding Minnesota Statutes, sections 4.035 and 16B.37, no reorganization affecting the department of trade and economic development, the department of economic security, or other agencies that provide assistance to businesses or promote the economic development of the state may be implemented until the legislature has received and considered the report required by paragraph (a) and any report issued in accordance with paragraph (b).

Sec. 2. [COOPERATION; STAFF ASSISTANCE.]

The committee on ways and means of the house of representatives and the committee on governmental operations and veterans of the senate shall, to the extent feasible, support and supply staff assistance to the legislative coordinating commission for the purpose of implementing section 1.

ARTICLE 9

HIGHER EDUCATION SERVICES OFFICE

Section 1. [REPORTING.]

During the biennium ending June 30, 1997, the higher education services office shall report at the end of each quarter to the chairs of the house of representatives committee on ways and means and the senate finance committee. Each quarterly report must provide detail on the office's expenditure of funds for agency administration.

Each report must compare the number of employees needed to carry out the office's agency administration functions to the number needed to carry out those functions under the higher education coordinating board in the preceding biennium.

At the end of each quarter, the commissioner of finance shall estimate the amount of funds appropriated and available to the office for agency administration, and the amount actually spent during the quarter for agency administration. The commissioner shall transfer any excess funds, to be spent for purposes of the work study program.

ARTICLE 10

DEPARTMENT OF EMPLOYEE RELATIONS

Section 1. Minnesota Statutes 1994, section 13.67, is amended to read:

13.67 [EMPLOYEE RELATIONS DATA.]

The following data collected, created, or maintained by the department of employee relations are classified as nonpublic data pursuant to section 13.02, subdivision 9:

(a) The commissioner's plan prepared by the department, pursuant to section 3.855, which governs the compensation and terms and conditions of employment for employees not covered by collective bargaining agreements until the plan is submitted to the legislative commission on employee relations;

(b) Data pertaining to grievance or interest arbitration that has not been presented to the arbitrator or other party during the arbitration process;

(c) Notes and preliminary drafts of reports prepared during personnel investigations and personnel management reviews of state departments and agencies;

(d) The managerial plan prepared by the department pursuant to section 43A.18 that governs the compensation and terms and conditions of employment for employees in managerial positions, as specified in section 43A.18, subdivision 3, until the plan is submitted to the legislative commission on employee relations; and

(e) Claims experience and all related information received from carriers and claims administrators participating in either the state group insurance plan or the public employees

insurance ~~plan~~ program as defined in chapter 43A, and survey information collected from employees and employers participating in these plans and programs, except when the department determines that release of the data will not be detrimental to the plan or program.

Sec. 2. Minnesota Statutes 1994, section 43A.04, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE LEADERSHIP.] (a) The commissioner is the chief personnel and labor relations manager of the civil service in the executive branch.

Whenever any power or responsibility is given to the commissioner by any provision of Laws 1981, chapter 210, unless otherwise expressly provided, the power or authority applies to all employees of agencies in the executive branch and to employees in classified positions in the office of the legislative auditor, the Minnesota state retirement system, the public employees retirement association, and the teacher's retirement association. Unless otherwise provided by law, the power or authority does not apply to unclassified employees in the legislative and judicial branches.

(b) The commissioner shall operate an information system from which personnel data, as defined in section 13.43, concerning employees and applicants for positions in the classified service can be retrieved.

The commissioner has access to all public and private personnel data kept by appointing authorities that will aid in the discharge of the commissioner's duties.

(c) The commissioner may consider and investigate any matters concerned with the administration of provisions of Laws 1981, chapter 210, and may order any remedial actions consistent with law.

(d) The commissioner has sole authority to settle state employee workers' compensation claims.

(e) The commissioner may assess or establish and collect premiums from all state entities ~~for~~ to cover the costs of programs under sections 15.46 and 176.603.

Sec. 3. Minnesota Statutes 1994, section 43A.08, subdivision 1, is amended to read:

Subdivision 1. [UNCLASSIFIED POSITIONS.] Unclassified positions are held by employees who are:

(1) chosen by election or appointed to fill an elective office;

(2) heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions, and institutions specifically established by law in the unclassified service;

(3) deputy and assistant agency heads and one confidential secretary in the agencies listed in subdivision 1a and in the office of strategic and long-range planning;

(4) the confidential secretary to each of the elective officers of this state and, for the secretary of state, state auditor, and state treasurer, an additional deputy, clerk, or employee;

(5) intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;

(6) employees in the offices of the governor and of the lieutenant governor and one confidential employee for the governor in the office of the adjutant general;

(7) employees of the Washington, D.C., office of the state of Minnesota;

(8) employees of the legislature and of legislative committees or commissions; provided that employees of the legislative audit commission, except for the legislative auditor, the deputy legislative auditors, and their confidential secretaries, shall be employees in the classified service;

(9) presidents, vice-presidents, deans, other managers and professionals in academic and

academic support programs, administrative or service faculty, teachers, research assistants, and student employees eligible under terms of the federal economic opportunity act work study program in the school and resource center for the arts, state universities and community colleges, and the higher education board, but not the custodial, clerical, or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions;

(10) officers and enlisted persons in the national guard;

(11) attorneys, legal assistants, and three confidential employees appointed by the attorney general or employed with the attorney general's authorization;

(12) judges and all employees of the judicial branch, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the department of labor and industry;

(13) members of the state patrol; provided that selection and appointment of state patrol troopers must be made in accordance with applicable laws governing the classified service;

(14) chaplains employed by the state;

(15) examination monitors and intermittent training instructors employed by the departments of employee relations and commerce and by professional examining boards and intermittent staff employed by the technical colleges for the administration of practical skills tests and for the staging of instructional demonstrations;

(16) student workers;

(17) executive directors or executive secretaries appointed by and reporting to any policy-making board or commission established by statute;

(18) employees unclassified pursuant to other statutory authority;

(19) intermittent help employed by the commissioner of agriculture to perform duties relating to pesticides, fertilizer, and seed regulation; and

(20) the administrators and the deputy administrators at the state academies for the deaf and the blind.

Sec. 4. Minnesota Statutes 1994, section 43A.10, subdivision 8, is amended to read:

Subd. 8. [ELIGIBILITY FOR QUALIFIED DISABLED EXAMINATIONS.] ~~The commissioner shall establish examination procedures for candidates whose disabilities are of such a severe nature that the candidates are unable to demonstrate their abilities in competitive examination processes. The examination procedures must consist of up to 700 hours on the job trial work experience which will be in lieu of a competitive examination and for which the disabled person has the option of being paid or unpaid. Up to three persons with severe disabilities and their job coach may be allowed to demonstrate their job competence as a unit through the on-the-job trial work experience examination procedure. This work experience must be limited to candidates for appointment, promotion, or transfer who have a physical or mental impairment for which there is no reasonable accommodation in the examination process. Implementation of provisions of this subdivision may not be deemed a violation of other provisions of Laws 1981, chapter 210 or 363.~~ The commissioner shall establish alternative examination methods to assess the qualifications of applicants for a competitive open or competitive promotional examination who have a disability that does not prevent performance of the duties of the class but that cannot be accommodated in the regular examination process. Alternative examination methods offered must allow candidates for competitive open and competitive promotional exams to demonstrate possession of the same knowledge, skills, and abilities essential to satisfactory performance in the job class without compromising inferences about other candidates' qualifications.

Sec. 5. Minnesota Statutes 1994, section 43A.13, subdivision 6, is amended to read:

Subd. 6. [QUALIFIED DISABLED.] ~~For a position to be filled by qualified disabled examination,~~ The commissioner shall ~~certify only the one eligible who has successfully completed~~

~~the examination processes provided in section 43A.10, subdivision 8, for the position~~ refer all qualified disabled candidates with eligibles from the competitive open or competitive promotional list established from the same examination announcement.

Sec. 6. Minnesota Statutes 1994, section 43A.15, is amended by adding a subdivision to read:

Subd. 14. [ON-THE-JOB DEMONSTRATION EXAMINATION AND APPOINTMENT.] The commissioner shall establish qualifying procedures for candidates whose disabilities are of such a severe nature that the candidates are unable to demonstrate their abilities in competitive and qualified disabled examination processes. The qualifying procedures must consist of up to 700 hours on-the-job trial work experience which will be in lieu of a competitive examination and for which the disabled person has the option of being paid or unpaid. Up to three persons with severe disabilities and their job coach may be allowed to demonstrate their job competence as a unit through the on-the-job trial work experience examination procedure. This work experience must be limited to candidates for appointment, promotion, or transfer for which there is no reasonable accommodation in the examination process.

The commissioner may authorize the probationary appointment of a candidate based on the request of the appointing authority that documents that the candidate has successfully demonstrated qualifications for the position through completion of an on-the-job trial work experience. The implementation of this subdivision may not be deemed a violation of chapter 43A or 363.

Sec. 7. Minnesota Statutes 1994, section 43A.19, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE AFFIRMATIVE ACTION PROGRAM.] (a) To assure that positions in the executive branch of the civil service are equally accessible to all qualified persons, and to eliminate the underutilization of qualified members of protected groups, the commissioner shall adopt and periodically revise, if necessary, a statewide affirmative action program. The statewide affirmative action program must consist of at least the following:

(1) objectives, goals, and policies;

(2) procedures, standards, and assumptions to be used by agencies in the preparation of agency affirmative action plans, including methods by which goals and timetables are established; ~~and~~

(3) the analysis of separation patterns to determine the impact on protected group members; and

~~(3)~~ (4) requirements for annual objectives and submission of affirmative action progress reports from heads of agencies.

(b) The commissioner shall base affirmative action goals on at least the following factors:

(1) the percentage of members of each protected class in the recruiting area population who have the necessary skills;

(2) the availability for promotion or transfer of members of protected classes in the recruiting area population;

(3) the extent of unemployment of members of protected classes in the recruiting area population;

(4) the existence of training programs in needed skill areas offered by employing agencies and other institutions; and

(5) the expected number of available positions to be filled.

(c) The commissioner shall designate a state director of diversity and equal employment opportunity who may be delegated the preparation, revision, implementation, and administration of the program. The commissioner of employee relations may place the director's position in the unclassified service if the position meets the criteria established in section 43A.08, subdivision 1a.

Sec. 8. Minnesota Statutes 1994, section 43A.191, subdivision 1, is amended to read:

Subdivision 1. [AFFIRMATIVE ACTION OFFICERS.] (a) Each agency with ~~an approved complement over~~ 1,000 employees or more shall have at least one full-time affirmative action officer, who shall have primary responsibility for developing and maintaining the agency's affirmative action plan. The officer shall devote full time to affirmative action activities. The affirmative action officer shall report administratively and on policy issues directly to the agency head.

(b) The ~~commissioner~~ agency heads shall assign affirmative action officers or designees for agencies with ~~approved complements of less~~ fewer than 1,000 employees. The designees shall report administratively and on policy issues directly to the agency head.

(c) An agency may not use authority under section 43A.08, subdivision 1a, to place the position of an agency affirmative action officer or designee in the unclassified service.

Sec. 9. Minnesota Statutes 1994, section 43A.191, subdivision 2, is amended to read:

Subd. 2. [AGENCY AFFIRMATIVE ACTION PLANS.] (a) The head of each agency in the executive branch shall prepare and implement an agency affirmative action plan consistent with this section and rules issued under section 43A.04, subdivision 3.

(b) The agency plan must include a plan for the provision of reasonable accommodation in the hiring and promotion of qualified disabled persons. The reasonable accommodation plan must consist of at least the following:

(1) procedures for compliance with section 363.03 and, where appropriate, regulations implementing United States Code, title 29, section 794, as amended through December 31, 1984, which is section 504 of the Rehabilitation Act of 1973, as amended and the Americans with Disabilities Act, United States Code, title 42, sections 101 to 108, 201 to 231, 241 to 246, 401, 402, and 501 to 514;

(2) methods and procedures for providing reasonable accommodation for disabled job applicants, current employees, and employees seeking promotion; and

(3) provisions for funding reasonable accommodations.

(c) The agency plan must be prepared by the agency head with the assistance of the agency affirmative action officer and the director of diversity and equal employment opportunity. The council on disability shall provide assistance with the agency reasonable accommodation plan.

(d) The agency plan must identify~~, annually,~~ any positions in the agency that can be used for supported employment as defined in section 268A.01, subdivision 13, of persons with severe disabilities. The agency shall report this information to the commissioner. An agency that hires more than one supported worker in the identified positions must receive recognition for each supported worker toward meeting the agency's affirmative action goals and objectives.

(e) An agency affirmative action plan may not be implemented without the commissioner's approval.

Sec. 10. Minnesota Statutes 1994, section 43A.191, subdivision 3, is amended to read:

Subd. 3. [AUDITS; SANCTIONS AND INCENTIVES.] (a) ~~The director of equal employment opportunity shall annually audit the record of each agency to determine the rate of compliance with annual hiring goals of each goal unit and to evaluate the agency's overall progress toward its affirmative action goals and objectives.~~ The commissioner shall annually audit the record of each agency to determine the rate of compliance with affirmative action requirements.

(b) By March 1 of each odd-numbered year, the commissioner shall submit a report on affirmative action progress of each agency and the state as a whole to the governor and to the finance committee of the senate, the appropriations committee of the house of representatives, the governmental operations committees of both houses of the legislature, and the legislative commission on employee relations. The report must include noncompetitive appointments made under section 43A.08, subdivision 2a, or 43A.15, subdivisions 3 to 13, and cover each agency's rate of compliance with ~~annual hiring goals~~ affirmative action requirements. ~~In addition, any~~

~~agency that has not met its affirmative action hiring goals, that fails to make an affirmative action hire, or fails to justify its nonaffirmative action hire in 25 percent or more of the appointments made in the previous calendar year must be designated in the report as an agency not in compliance with affirmative action requirements.~~

~~(c) The commissioner shall study methods to improve the performance of agencies not in compliance with affirmative action requirements.~~

~~(d) The commissioner shall establish a program to recognize agencies that have made significant and measurable progress toward achieving affirmative action objectives.~~

(c) An agency that does not meet its hiring goals must justify its nonaffirmative action hires in competitive and noncompetitive appointments according to criteria issued by the department of employee relations. "Missed opportunity" includes failure to justify a nonaffirmative action hire. An agency must have 25 percent or less missed opportunities in competitive appointments and 25 percent or less missed opportunities in appointments made under sections 43A.08, subdivisions 1, clauses (9), (11), and (16); and 2a; and 43A.15, subdivisions 3, 10, 12, and 13. In addition, an agency shall:

(1) demonstrate a good faith effort to recruit protected group members by following an active recruitment plan;

(2) implement a coordinated retention plan; and

(3) have an established complaint resolution procedure.

(d) The commissioner shall develop reporting standards and procedures for measuring compliance.

(e) An agency is encouraged to develop other innovative ways to promote awareness, acceptance, and appreciation for diversity and affirmative action. These innovations will be considered when evaluating an agency's compliance with this section.

(f) An agency not in compliance with affirmative action requirements of this section must identify methods and programs to improve performance, to reallocate resources internally in order to increase support for affirmative action programs, and to submit program and resource reallocation proposals to the commissioner for approval. An agency must submit these proposals within 120 days of being notified by the commissioner that it is out of compliance with affirmative action requirements. The commissioner shall monitor quarterly the affirmative action programs of an agency found to be out of compliance.

(g) The commissioner shall establish a program to recognize an agency that has made significant and measurable progress in implementing an affirmative action plan.

Sec. 11. Minnesota Statutes 1994, section 43A.24, subdivision 2, is amended to read:

Subd. 2. [OTHER ELIGIBLE PERSONS.] The following persons are eligible for state paid life insurance and hospital, medical, and dental benefits as determined in applicable collective bargaining agreements or by the commissioner or by plans pursuant to section 43A.18, subdivision 6, or by the board of regents for employees of the University of Minnesota not covered by collective bargaining agreements. Coverages made available, including optional coverages, are as contained in the plan established pursuant to section 43A.18, subdivision 2:

(a) a member of the state legislature, provided that changes in benefits resulting in increased costs to the state shall not be effective until expiration of the term of the members of the existing house of representatives. An eligible member of the state legislature may decline to be enrolled for state paid coverages by filing a written waiver with the commissioner. The waiver shall not prohibit the member from enrolling the member or dependents for optional coverages, without cost to the state, as provided for in section 43A.26. A member of the state legislature who returns from a leave of absence to a position previously occupied in the civil service shall be eligible to receive the life insurance and hospital, medical, and dental benefits to which the position is entitled;

(b) a permanent employee of the legislature or a permanent employee of a permanent study or interim committee or commission or a state employee on leave of absence to work for the legislature, during a regular or special legislative session;

(c) a judge of the appellate courts or an officer or employee of these courts; a judge of the district court, a judge of county court, a judge of county municipal court, or a judge of probate court; a district court referee, judicial officer, court reporter, or law clerk; a district administrator; an employee of the office of the district administrator that is not in the second or fourth judicial district; a court administrator or employee of the court administrator in the eighth judicial district, and a guardian ad litem program administrator in the eighth judicial district;

(d) a salaried employee of the public employees retirement association;

(e) a full-time military or civilian officer or employee in the unclassified service of the department of military affairs whose salary is paid from state funds;

(f) a salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board;

(g) an employee of the regents of the University of Minnesota;

(h) notwithstanding section 43A.27, subdivision 3, an employee of the state of Minnesota or the regents of the University of Minnesota who is at least 60 and not yet 65 years of age on July 1, 1982, who is otherwise eligible for employee and dependent insurance and benefits pursuant to section 43A.18 or other law, who has at least 20 years of service and retires, earlier than required, within 60 days of March 23, 1982; or an employee who is at least 60 and not yet 65 years of age on July 1, 1982, who has at least 20 years of state service and retires, earlier than required, from employment at Rochester state hospital after July 1, 1981; or an employee who is at least 55 and not yet 65 years of age on July 1, 1982, and is covered by the Minnesota state retirement system correctional employee retirement plan or the state patrol retirement fund, who has at least 20 years of state service and retires, earlier than required, within 60 days of March 23, 1982. For purposes of this clause, a person retires when the person terminates active employment in state or University of Minnesota service and applies for a retirement annuity. Eligibility shall cease when the retired employee attains the age of 65, or when the employee chooses not to receive the annuity that the employee has applied for. The retired employee shall be eligible for coverages to which the employee was entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established pursuant to section 43A.18, for employees in positions equivalent to that from which retired, provided that the retired employee shall not be eligible for state-paid life insurance. Coverages shall be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program;

(i) an employee of an agency of the state of Minnesota identified through the process provided in this paragraph who is eligible to retire prior to age 65. The commissioner and the exclusive representative of state employees shall enter into agreements under section 179A.22 to identify employees whose positions are in programs that are being permanently eliminated or reduced due to federal or state policies or practices. Failure to reach agreement identifying these employees is not subject to impasse procedures provided in chapter 179A. The commissioner must prepare a plan identifying eligible employees not covered by a collective bargaining agreement in accordance with the process outlined in section 43A.18, subdivisions 2 and 3. For purposes of this paragraph, a person retires when the person terminates active employment in state service and applies for a retirement annuity. Eligibility ends as provided in the agreement or plan, but must cease at the end of the month in which the retired employee chooses not to receive an annuity, or the employee is eligible for employer-paid health insurance from a new employer. The retired employees shall be eligible for coverages to which they were entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established under section 43A.18 for employees in positions equivalent to that from which they retired, provided that the retired employees shall not be eligible for state-paid life insurance; ~~and~~

(j) employees of the state public defender's office, and district public defenders and their employees other than in the second and fourth judicial districts, with eligibility determined by the state board of public defense in consultation with the commissioner of employee relations; and

(k) employees of the data institute under section 62J.45, subdivision 8, as paid for by the data institute.

Sec. 12. Minnesota Statutes 1994, section 43A.27, subdivision 3, is amended to read:

Subd. 3. [RETIRED EMPLOYEES.] A retired employee of the state or an organization listed in subdivision 2 or section 43A.24, subdivision 2, who ~~receives~~, at separation of service:

(1) is immediately eligible to receive an annuity under a ~~state~~ retirement program sponsored by the state or such organization of the state and immediately meets the age and service requirements in section 352.115, subdivision 1; and

(2) has five years of service or meets the service requirement of the collective bargaining agreement or plan, whichever is greater;

may elect to purchase at personal expense individual and dependent hospital, medical, and dental coverages ~~that are~~. The commissioner shall offer at least one plan which is actuarially equivalent to those made available through collective bargaining agreements or plans established pursuant to section 43A.18 to employees in positions equivalent to that from which retired. A spouse of a deceased retired employee who received an annuity under a state retirement program may purchase the coverage listed in this subdivision if the spouse was a dependent under the retired employee's coverage at the time of the employee's death. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program. Until the retired employee reaches age 65, the retired employee and dependents must be pooled in the same group as active employees for purposes of establishing premiums and coverage for hospital, medical, and dental insurance. Coverage for retired employees and their dependents may not discriminate on the basis of evidence of insurability or preexisting conditions unless identical conditions are imposed on active employees in the group that the employee left. Appointing authorities shall provide notice to employees no later than the effective date of their retirement of the right to exercise the option provided in this subdivision. The retired employee must notify the commissioner or designee of the commissioner within 30 days after the effective date of the retirement of intent to exercise this option.

Sec. 13. Minnesota Statutes 1994, section 43A.316, is amended to read:

43A.316 [PUBLIC EMPLOYEES INSURANCE ~~PLAN~~ PROGRAM.]

Subdivision 1. [INTENT.] The legislature finds that the creation of a statewide ~~plan~~ program to provide public employees and other eligible persons with life insurance and hospital, medical, and dental benefit coverage through provider organizations would result in a greater utilization of government resources and would advance the health and welfare of the citizens of the state.

Subd. 2. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the meaning given them.

(a) [COMMISSIONER.] "Commissioner" means the commissioner of employee relations.

(b) [EMPLOYEE.] "Employee" means:

(1) a person who is a public employee within the definition of section 179A.03, subdivision 14, who is insurance eligible and is employed by an eligible employer;

(2) an elected public official of an eligible employer who is insurance eligible; or

(3) a person employed by a labor organization or employee association certified as an exclusive representative of employees of an eligible employer or by another public employer approved by the commissioner, so long as the plan meets the requirements of a governmental plan under United States Code, title 29, section 1002(32).

(c) [ELIGIBLE EMPLOYER.] "Eligible employer" means:

(1) a public employer within the definition of section 179A.03, subdivision 15, that is a town,

county, city, school district as defined in section 120.02, educational cooperative service unit as defined in section 123.58, intermediate district as defined in section 136C.02, subdivision 7, cooperative center for vocational education as defined in section 123.351, regional management information center as defined in section 121.935, or an education unit organized under the joint powers action, section 471.59; or

(2) an exclusive representative of employees, as defined in paragraph (b); or

(3) another public employer approved by the commissioner.

(d) [EXCLUSIVE REPRESENTATIVE.] "Exclusive representative" means an exclusive representative as defined in section 179A.03, subdivision 8.

(e) [LABOR-MANAGEMENT COMMITTEE.] "Labor-management committee" means the committee established by subdivision 4.

(f) [~~PLAN~~ PROGRAM.] "~~Plan~~ Program" means the statewide public employees insurance ~~plan~~ program created by subdivision 3.

Subd. 3. [PUBLIC EMPLOYEE INSURANCE ~~PLAN~~ PROGRAM.] The commissioner shall be the administrator of the public employee insurance ~~plan~~ program and may determine its funding arrangements. The commissioner shall model the ~~plan~~ program after the plan established in section 43A.18, subdivision 2, but may modify that plan, in consultation with the labor-management committee.

Subd. 4. [LABOR-MANAGEMENT COMMITTEE.] The labor-management committee consists of ten members appointed by the commissioner. The labor-management committee must comprise five members who represent employees, including at least one retired employee, and five members who represent eligible employers. Committee members are eligible for expense reimbursement in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. The commissioner shall consult with the labor-management committee in major decisions that affect the ~~plan~~ program. The committee shall study issues relating to the insurance ~~plan~~ program including, but not limited to, flexible benefits, utilization review, quality assessment, and cost efficiency.

Subd. 5. [PUBLIC EMPLOYEE PARTICIPATION.] (a) Participation in the ~~plan~~ program is subject to the conditions in this subdivision.

(b) Each exclusive representative for an eligible employer determines whether the employees it represents will participate in the ~~plan~~ program. The exclusive representative shall give the employer notice of intent to participate at least ~~90~~ 30 days before the expiration date of the collective bargaining agreement preceding the collective bargaining agreement that covers the date of entry into the ~~plan~~ program. The exclusive representative and the eligible employer shall give notice to the commissioner of the determination to participate in the ~~plan~~ program at least ~~90~~ 30 days before entry into the ~~plan~~ program. Entry into the ~~plan~~ program is governed by a schedule established by the commissioner.

(c) Employees not represented by exclusive representatives may become members of the ~~plan~~ program upon a determination of an eligible employer to include these employees in the ~~plan~~ program. Either all or none of the employer's unrepresented employees must participate. The eligible employer shall give at least ~~90~~ 30 days' notice to the commissioner before entering the ~~plan~~ program. Entry into the ~~plan~~ program is governed by a schedule established by the commissioner.

(d) Participation in the ~~plan~~ program is for a two-year term. Participation is automatically renewed for an additional two-year term unless the exclusive representative, or the employer for unrepresented employees, gives the commissioner notice of withdrawal at least ~~90~~ 30 days before expiration of the participation period. A group that withdraws must wait two years before rejoining. An exclusive representative, or employer for unrepresented employees, may also withdraw if premiums increase 50 percent or more from one insurance year to the next.

(e) The exclusive representative shall give the employer notice of intent to withdraw to the commissioner at least ~~90~~ 30 days before the expiration date of a collective bargaining agreement that includes the date on which the term of participation expires.

(f) Each participating eligible employer shall notify the commissioner of names of individuals who will be participating within two weeks of the commissioner receiving notice of the parties' intent to participate. The employer shall also submit other information as required by the commissioner for administration of the ~~plan~~ program.

Subd. 6. [COVERAGE.] (a) By January 1, 1989, the commissioner shall announce the benefits of the ~~plan~~ program. The ~~plan~~ program shall include employee hospital, medical, dental, and life insurance for employees and hospital and medical benefits for dependents. Health maintenance organization options and other delivery system options may be provided if they are available, cost-effective, and capable of servicing the number of people covered in the ~~plan~~ program. Participation in optional coverages may be provided by collective bargaining agreements. For employees not represented by an exclusive representative, the employer may offer the optional coverages to eligible employees and their dependents provided in the ~~plan~~ program.

(b) The commissioner, with the assistance of the labor-management committee, shall periodically assess whether it is financially feasible for the ~~plan~~ program to offer or to continue an individual retiree program that has competitive premium rates and benefits. If the commissioner determines it to be feasible to offer an individual retiree program, the commissioner shall announce the applicable benefits, premium rates, and terms of participation. Eligibility to participate in the individual retiree program is governed by subdivision 8, but applies to retirees of eligible employers that do not participate in the ~~plan~~ program and to those retirees' dependents and surviving spouses.

Subd. 6a. [CHIROPRACTIC SERVICES.] All benefits provided by the ~~plan~~ program or a successor ~~plan~~ program relating to expenses incurred for medical treatment or services of a physician must also include chiropractic treatment and services of a chiropractor to the extent that the chiropractic services and treatment are within the scope of chiropractic licensure.

This subdivision is intended to provide equal access to benefits for ~~plan~~ program members who choose to obtain treatment for illness or injury from a doctor of chiropractic, as long as the treatment falls within the chiropractor's scope of practice. This subdivision is not intended to change or add to the benefits provided for in the ~~plan~~ program.

Subd. 7. [PREMIUMS.] The proportion of premium paid by the employer and employee is subject to collective bargaining or personnel policies. If, at the beginning of the coverage period, no collective bargaining agreement has been finalized, the increased dollar costs, if any, from the previous year is the sole responsibility of the individual participant until a collective bargaining agreement states otherwise. Premiums, including an administration fee, shall be established by the commissioner. Each employer shall pay monthly the amounts due for employee benefits including the amounts under subdivision 8 to the commissioner no later than the dates established by the commissioner. If an employer fails to make the payments as required, the commissioner may cancel ~~plan~~ program benefits and pursue other civil remedies.

Subd. 8. [CONTINUATION OF COVERAGE.] (a) A former employee of an employer participating in the ~~plan~~ program who is receiving a public pension disability benefit or an annuity or has met the age and service requirements necessary to receive an annuity under chapter 353, 353C, 354, 354A, 356, 422A, 423, 423A, or 424, and the former employee's dependents, are eligible to participate in the ~~plan~~ program. This participation is at the person's expense unless a collective bargaining agreement or personnel policy provides otherwise. Premiums for these participants must be established by the commissioner.

The commissioner may provide policy exclusions for preexisting conditions only when there is a break in coverage between a participant's coverage under the employment-based group insurance ~~plan~~ program and the participant's coverage under this section. An employer shall notify an employee of the option to participate under this paragraph no later than the effective date of retirement. The retired employee or the employer of a participating group on behalf of a current or retired employee shall notify the commissioner within 30 days of the effective date of retirement of intent to participate in the ~~plan~~ program according to the rules established by the commissioner.

(b) The spouse of a deceased employee or former employee may purchase the benefits provided at premiums established by the commissioner if the spouse was a dependent under the employee's or former employee's coverage under this section at the time of the death. The spouse

remains eligible to participate in the ~~plan~~ program as long as the group that included the deceased employee or former employee participates in the ~~plan~~ program. Coverage under this clause must be coordinated with relevant insurance benefits provided through the federally sponsored Medicare program.

(c) The ~~plan~~ program benefits must continue in the event of strike permitted by section 179A.18, if the exclusive representative chooses to have coverage continue and the employee pays the total monthly premiums when due.

(d) A participant who discontinues coverage may not reenroll.

Persons participating under these paragraphs shall make appropriate premium payments in the time and manner established by the commissioner.

Subd. 9. [INSURANCE TRUST FUND.] The insurance trust fund in the state treasury consists of deposits of the premiums received from employers participating in the ~~plan~~ program and transfers before July 1, 1994, from the excess contributions holding account established by section 353.65, subdivision 7. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related service costs. Premiums paid by employers to the fund are exempt from the tax imposed by sections 60A.15 and 60A.198. The commissioner shall reserve an amount of money to cover the estimated costs of claims incurred but unpaid. The state board of investment shall invest the money according to section 11A.24. Investment income and losses attributable to the fund must be credited to the fund.

Subd. 10. [EXEMPTION.] The public employee insurance ~~plan~~ program and, where applicable, the employers participating in it are exempt from chapters 60A, 62A, 62C, 62D, 62E, and 62H, section 471.617, subdivisions 2 and 3, and the bidding requirements of section 471.6161.

Sec. 14. Minnesota Statutes 1994, section 43A.317, subdivision 5, is amended to read:

Subd. 5. [EMPLOYER ELIGIBILITY.] (a) [PROCEDURES.] All employers are eligible for coverage through the program subject to the terms of this subdivision. The commissioner shall establish procedures for an employer to apply for coverage through the program.

(b) [TERM.] The initial term of an employer's coverage ~~will~~ may be for up to two years from the effective date of the employer's application. After that, coverage will be automatically renewed for an additional ~~two-year terms~~ term unless the employer gives notice of withdrawal from the program according to procedures established by the commissioner or the commissioner gives notice to the employer of the discontinuance of the program. The commissioner may establish conditions under which an employer may withdraw from the program prior to the expiration of a ~~two-year~~ term, including by reason of ~~a midyear~~ an increase in health coverage premiums of 50 percent or more from one insurance year to the next. An employer that withdraws from the program may not reapply for coverage for a period of ~~two years from its date of withdrawal~~ time equal to its initial term of coverage.

(c) [MINNESOTA WORK FORCE.] An employer is not eligible for coverage through the program if five percent or more of its eligible employees work primarily outside Minnesota, except that an employer may apply to the program on behalf of only those employees who work primarily in Minnesota.

(d) [EMPLOYEE PARTICIPATION; AGGREGATION OF GROUPS.] An employer is not eligible for coverage through the program unless its application includes all eligible employees who work primarily in Minnesota, except employees who waive coverage as permitted by subdivision 6. Private entities that are eligible to file a combined tax return for purposes of state tax laws are considered a single employer, except as otherwise approved by the commissioner.

(e) [PRIVATE EMPLOYER.] A private employer is not eligible for coverage unless it has two or more eligible employees in the state of Minnesota. If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer and have paid social security or self-employment tax on behalf of both eligible employees.

(f) [MINIMUM PARTICIPATION.] The commissioner must require as a condition of

employer eligibility that at least 75 percent of its eligible employees who have not waived coverage participate in the program. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. For purposes of this section, waiver of coverage includes only waivers due to coverage under another group health benefit plan.

(g) [EMPLOYER CONTRIBUTION.] The commissioner must require as a condition of employer eligibility that the employer contribute at least 50 percent toward the cost of the premium of the employee and may require that the contribution toward the cost of coverage is structured in a way that promotes price competition among the coverage options available through the program.

(h) [ENROLLMENT CAP.] The commissioner may limit employer enrollment in the program if necessary to avoid exceeding the program's reserve capacity.

Sec. 15. Minnesota Statutes 1994, section 62J.45, subdivision 8, is amended to read:

Subd. 8. [STAFF.] The board may hire an executive director. The executive director is not a state employee but is covered by section 3.736. The executive director and staff may participate in the following plans for employees in the unclassified service: the state retirement plan, the state deferred compensation plan, and the ~~health insurance and life insurance plans~~ coverages in section 43A.24, subdivision 2. The attorney general shall provide legal services to the board.

Sec. 16. Minnesota Statutes 1994, section 256B.0644, is amended to read:

256B.0644 [PARTICIPATION REQUIRED FOR REIMBURSEMENT UNDER OTHER STATE HEALTH CARE PROGRAMS.]

A vendor of medical care, as defined in section 256B.02, subdivision 7, and a health maintenance organization, as defined in chapter 62D, must participate as a provider or contractor in the medical assistance program, general assistance medical care program, and MinnesotaCare as a condition of participating as a provider in health insurance plans and programs or contractor for state employees established under section 43A.18, the public employees insurance ~~plan~~ program under section 43A.316, for health insurance plans offered to local statutory or home rule charter city, county, and school district employees, the workers' compensation system under section 176.135, and insurance plans provided through the Minnesota comprehensive health association under sections 62E.01 to 62E.16. The limitations on insurance plans offered to local government employees shall not be applicable in geographic areas where provider participation is limited by managed care contracts with the department of human services. For providers other than health maintenance organizations, participation in the medical assistance program means that (1) the provider accepts new medical assistance, general assistance medical care, and MinnesotaCare patients or (2) at least 20 percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage. The commissioner shall establish participation requirements for health maintenance organizations. The commissioner shall provide lists of participating medical assistance providers on a quarterly basis to the commissioner of employee relations, the commissioner of labor and industry, and the commissioner of commerce. Each of the commissioners shall develop and implement procedures to exclude as participating providers in the program or programs under their jurisdiction those providers who do not participate in the medical assistance program. The commissioner of employee relations shall implement this section through contracts with participating health and dental carriers.

Sec. 17. Minnesota Statutes 1994, section 356.87, is amended to read:

356.87 [HEALTH INSURANCE WITHHOLDING.]

Upon authorization of a person entitled to receive a retirement annuity, disability benefit or survivor benefit, the executive director of a public pension fund listed in section 356.20, subdivision 2, shall withhold health insurance premium amounts from the retirement annuity, disability benefit or survivor benefit, and pay the premium amounts to the public employees insurance ~~plan~~ program. The public employees insurance ~~plan~~ program shall reimburse a public pension fund for the administrative expense of withholding the premium amounts and shall

assume liability for the failure of a public pension fund to properly withhold the premium amounts.

ARTICLE 11

EFFICIENT OPERATION OF STATE AGENCIES

Section 1. Minnesota Statutes 1994, section 16A.055, is amended by adding a subdivision to read:

Subd. 6. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 2. Minnesota Statutes 1994, section 16B.04, is amended by adding a subdivision to read:

Subd. 4. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 3. Minnesota Statutes 1994, section 17.03, is amended by adding a subdivision to read:

Subd. 11. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 4. Minnesota Statutes 1994, section 43A.04, is amended by adding a subdivision to read:

Subd. 1a. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 5. Minnesota Statutes 1994, section 45.012, is amended to read:

45.012 [COMMISSIONER.]

(a) The department of commerce is under the supervision and control of the commissioner of commerce. The commissioner is appointed by the governor in the manner provided by section 15.06.

(b) Data that is received by the commissioner or the commissioner's designee by virtue of membership or participation in an association, group, or organization that is not otherwise subject to chapter 13 is confidential or protected nonpublic data but may be shared with the department employees as the commissioner considers appropriate. The commissioner may release the data to any person, agency, or the public if the commissioner determines that the access will aid the law enforcement process, promote public health or safety, or dispel widespread rumor or unrest.

(c) It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 6. Minnesota Statutes 1994, section 84.027, is amended by adding a subdivision to read:

Subd. 13. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 7. Minnesota Statutes 1994, section 116.03, is amended by adding a subdivision to read:

Subd. 2a. [MISSION; EFFICIENCY.] It is part of the agency's mission that within the agency's resources the commissioner and the members of the agency shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the agency as efficiently as possible;

(3) coordinate the agency's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the agency required under section 15.91, appropriate changes in law necessary to carry out the mission of the agency.

Sec. 8. Minnesota Statutes 1994, section 116J.011, is amended to read:

116J.011 [MISSION.]

The mission of the department of trade and economic development is to employ all of the available state government resources to facilitate an economic environment that produces net new job growth in excess of the national average and to increase nonresident and resident tourism revenues. It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 9. Minnesota Statutes 1994, section 120.0111, is amended to read:

120.0111 [MISSION STATEMENT.]

The mission of public education in Minnesota, a system for lifelong learning, is to ensure individual academic achievement, an informed citizenry, and a highly productive work force. This system focuses on the learner, promotes and values diversity, provides participatory decision-making, ensures accountability, models democratic principles, creates and sustains a climate for change, provides personalized learning environments, encourages learners to reach their maximum potential, and integrates and coordinates human services for learners. It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 10. Minnesota Statutes 1994, section 135A.052, subdivision 1, is amended to read:

Subdivision 1. [STATEMENT OF MISSIONS.] The legislature recognizes each public post-secondary system to have a distinctive mission within the overall provision of public higher education in the state and a responsibility to cooperate with the other systems. These missions are as follows:

(1) the technical college system shall offer vocational training and education to prepare students for skilled occupations that do not require a baccalaureate degree;

(2) the community college system shall offer lower division instruction in academic programs, occupational programs in which all credits earned will be accepted for transfer to a baccalaureate degree in the same field of study, and remedial studies, for students transferring to baccalaureate institutions and for those seeking associate degrees;

(3) the state university system shall offer undergraduate and graduate instruction through the master's degree, including specialist certificates, in the liberal arts and sciences and professional education; and

(4) the University of Minnesota shall offer undergraduate, graduate, and professional instruction through the doctoral degree, and shall be the primary state supported academic agency for research and extension services.

It is part of the mission of each system that within the system's resources the system's governing board and chancellor or president shall endeavor to:

(a) prevent the waste or unnecessary spending of public money;

(b) use innovative fiscal and human resource practices to manage the state's resources and operate the system as efficiently as possible;

(c) coordinate the system's activities wherever appropriate with the activities of other systems and governmental agencies;

(d) use technology where appropriate to increase system productivity, improve customer service, increase public access to information about the system, and increase public participation in the business of the system;

(e) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A; and

(f) recommend to the legislature appropriate changes in law necessary to carry out the mission of the system.

Sec. 11. Minnesota Statutes 1994, section 144.05, is amended to read:

144.05 [GENERAL DUTIES OF COMMISSIONER; REPORTS.]

Subdivision 1. [GENERAL DUTIES.] The state commissioner of health shall have general authority as the state's official health agency and shall be responsible for the development and maintenance of an organized system of programs and services for protecting, maintaining, and improving the health of the citizens. This authority shall include but not be limited to the following:

(a) Conduct studies and investigations, collect and analyze health and vital data, and identify and describe health problems;

(b) Plan, facilitate, coordinate, provide, and support the organization of services for the prevention and control of illness and disease and the limitation of disabilities resulting therefrom;

(c) Establish and enforce health standards for the protection and the promotion of the public's health such as quality of health services, reporting of disease, regulation of health facilities, environmental health hazards and personnel;

(d) Affect the quality of public health and general health care services by providing consultation and technical training for health professionals and paraprofessionals;

(e) Promote personal health by conducting general health education programs and disseminating health information;

(f) Coordinate and integrate local, state and federal programs and services affecting the public's health;

(g) Continually assess and evaluate the effectiveness and efficiency of health service systems and public health programming efforts in the state; and

(h) Advise the governor and legislature on matters relating to the public's health.

Subd. 2. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 12. Minnesota Statutes 1994, section 174.02, is amended by adding a subdivision to read:

Subd. 1a. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 13. Minnesota Statutes 1994, section 175.001, is amended by adding a subdivision to read:

Subd. 6. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 14. Minnesota Statutes 1994, section 190.09, is amended to read:

190.09 [POWERS, DUTIES.]

Subdivision 1. [DUTIES OF THE OFFICE.] The adjutant general shall be the chief of staff to the commander-in-chief and the administrative head of the military department. The adjutant general shall have an office in the capitol and keep it open during the usual business hours.

The adjutant general shall have custody of all military records, correspondence, and other military documents. The adjutant general shall be the medium of military correspondence with the governor and perform all other duties pertaining to that office prescribed by law. The adjutant general shall make an annual report to the governor, at such time as the governor may require, of all the transactions of the military affairs department, setting forth the number, strength and condition of the national guard, and such other matters as deemed important and shall make and transmit to the federal government the returns required by the laws of the United States. The adjutant general shall, whenever necessary, cause the military code, orders and rules of the state to be printed and distributed to the commissioned officers and the several organizations of the national guard and shall cause to be prepared and issued all necessary books, blanks and notices required to carry into full effect the provisions of the military code. All such books and blanks shall be and remain the property of the state.

The seal now used in the office of the adjutant general shall be the seal of that office and shall be delivered to the successor in that office. All orders issued from the adjutant general's office shall be authenticated with that seal. The adjutant general shall attest all commissions issued to military officers. The adjutant general will superintend the preparation of all returns and reports required by the United States from the state on military matters.

The adjutant general shall designate an assistant adjutant general to serve as deputy adjutant general to perform the duties of the adjutant general during periods when the adjutant general is absent or unable to perform that officer's duties. In the absence of all of the above, the senior officer of the national guard, shall perform the duties prescribed for the adjutant general.

The flags and colors carried by Minnesota troops in the Civil War, Indian Wars, Spanish-American War, Mexican Border Campaign, the first World War, and subsequent wars

shall be preserved in the capitol under the especial care of the adjutant general. They shall be suitably encased and marked, and, so far as the adjutant general may deem it consistent with their safety, shall at all times be publicly displayed.

Subd. 2. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the adjutant general shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 15. Minnesota Statutes 1994, section 196.05, is amended to read:

196.05 [DUTIES OF COMMISSIONER.]

Subdivision 1. [GENERAL DUTIES.] The commissioner shall:

(1) act as the agent of a resident of the state having a claim against the United States for benefits arising out of or by reason of service in the armed forces and prosecute the claim without charge;

(2) act as custodian of veterans' bonus records;

(3) administer the laws relating to the providing of bronze flag holders at veterans' graves for memorial purposes;

(4) administer the laws relating to recreational or rest camps for veterans so far as applicable to state agencies;

(5) administer the state soldiers' assistance fund and veterans' relief fund and other funds appropriated for the payment of bonuses or other benefits to veterans or for the rehabilitation of veterans;

(6) cooperate with national, state, county, municipal, and private social agencies in securing to veterans and their dependents the benefits provided by national, state, and county laws, municipal ordinances, or public and private social agencies;

(7) provide necessary assistance where other adequate aid is not available to the dependent family of a veteran while the veteran is hospitalized and after the veteran is released for as long a period as is necessary as determined by the commissioner;

(8) act as the guardian of the estate for a minor or an incompetent person receiving money from the United States government when requested to do so by an agency of the United States of America provided sufficient personnel are available;

(9) cooperate with United States governmental agencies providing compensation, pensions, insurance, or other benefits provided by federal law, by supplementing the benefits prescribed therein, when conditions in an individual case make it necessary;

(10) assist in implementing state laws, rights, and privileges relating to the reemployment of veterans upon their separation from the armed forces;

(11) contact, at times as the commissioner deems proper, war veterans, as defined in section 197.447, who are confined in a public institution; investigate the treatment accorded those veterans and report annually to the governor the results of the investigations; and the heads of the public institutions shall permit the commissioner, or the commissioner's representative, to visit any veteran; and, if the commissioner, or the commissioner's representative requests any information relative to any veteran and the veteran's affairs, the head of the institution shall furnish it;

(12) assist dependent family members of military personnel who are called from reserve status to extended federal active duty during a time of war or national emergency through the state soldiers' assistance fund provided by section 197.03; and

(13) exercise other powers as may be authorized and necessary to carry out the provisions of this chapter and chapters 197 and 198, consistent with those chapters.

Subd. 2. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 16. Minnesota Statutes 1994, section 216A.07, is amended by adding a subdivision to read:

Subd. 6. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 17. Minnesota Statutes 1994, section 241.01, is amended by adding a subdivision to read:

Subd. 3b. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve service to the public, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 18. Minnesota Statutes 1994, section 245.03, is amended to read:

245.03 [DEPARTMENT OF HUMAN SERVICES ESTABLISHED; COMMISSIONER.]

Subdivision 1. [ESTABLISHMENT.] There is created a department of human services. A commissioner of human services shall be appointed by the governor under the provisions of section 15.06. The commissioner shall be selected on the basis of ability and experience in welfare and without regard to political affiliations. The commissioner shall appoint a deputy commissioner.

Subd. 2. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 19. Minnesota Statutes 1994, section 268.0122, is amended by adding a subdivision to read:

Subd. 6. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 20. Minnesota Statutes 1994, section 270.02, is amended by adding a subdivision to read:

Subd. 3a. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 21. Minnesota Statutes 1994, section 299A.01, is amended by adding a subdivision to read:

Subd. 1a. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer

service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

Sec. 22. Minnesota Statutes 1994, section 363.05, is amended by adding a subdivision to read:

Subd. 3. [MISSION; EFFICIENCY.] It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

ARTICLE 12

CIVIL SERVICE PILOT PROJECT

Section 1. [HOUSING FINANCE AGENCY PILOT PROJECT.]

Subdivision 1. [WAIVER.] In addition to the waiver provisions in Laws 1993, chapter 301, Minnesota Statutes, sections 43A.07, 43A.10, 43A.12 to 43A.15, 43A.17, 43A.18, and 43A.20, are waived to the extent necessary to implement the civil service pilot project in the housing finance agency as authorized by Laws 1993, chapter 301. If a proposed waiver of any section of Minnesota Statutes, chapter 43A, would violate the terms of a collective bargaining agreement reached under Minnesota Statutes, chapter 179A, the waiver may not be granted without the consent of the exclusive representative that is a party to the agreement.

Subd. 2. [UNREPRESENTED EMPLOYEES.] The salaries of unrepresented employees of the housing finance agency must be administered according to the provisions of a salary plan developed by the commissioner of the housing finance agency and approved by the commissioner of employee relations. The salary plan must be approved under Minnesota Statutes, section 3.855, subdivision 3, before being implemented.

Sec. 2. [TERMINATION.]

Section 1 and the civil service pilot project in the housing finance agency as authorized by Laws 1993, chapter 301, terminate June 30, 1997, or at any earlier time by a method agreed upon by the commissioners of employee relations and housing finance and the affected exclusive bargaining representative of state employees.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective July 1, 1995.

ARTICLE 13

PILOT PROJECTS

Section 1. [PURPOSE.]

The purpose of this article is to make government work better and cost less. To accomplish this purpose, this article creates incentives for state and local employees to act in a manner that provides the best and most efficient services to the public. This article also removes barriers that currently discourage state and local agencies from taking innovative approaches to improving services and achieving cost savings.

Sec. 2. [HUMAN RESOURCES SYSTEM.]

Subdivision 1. [POLICY.] The legislature reaffirms its commitment to an efficient and effective merit-based human resources system that meets the management needs of the state and that meets the program needs of the people of the state. The purpose of this article is to establish a process to ensure the continuation of merit-based principles, while removing rules and procedures that cause unnecessary inefficiencies in the state human resources system.

Subd. 2. [PILOT PROJECT.] During the biennium ending June 30, 1997, the governor shall designate an executive agency that will conduct a pilot civil service project. The pilot program must adhere to the policies expressed in subdivision 1 and in Minnesota Statutes, section 43A.01. For the purposes of conducting the pilot project, the commissioner of the designated agency is exempt from the provisions that relate to employment in Minnesota Statutes, chapter 43A, Minnesota Rules, chapter 3900, and administrative procedures and policies of the department of employee relations. If a proposed exemption from the provisions that relate to employment in Minnesota Statutes, chapter 43A, Minnesota Rules, chapter 3900, and administrative procedures and policies of the department of employee relations would violate the terms of a collective bargaining agreement effective under Minnesota Statutes, chapter 179A, the exemption is not effective without the consent of the exclusive representative that is a party to the agreement. Upon request of the commissioner carrying out the pilot project, the commissioner of employee relations shall provide technical assistance in support of the pilot project. This section does not exempt an agency from compliance with Minnesota Statutes, sections 43A.19 and 43A.191, or from rules adopted to implement those sections.

Subd. 3. [EVALUATION.] The commissioner of employee relations, in consultation with the agency selected in subdivision 2, shall design and implement a system for evaluating the success of the pilot project in subdivision 2. The system specifically must:

(1) evaluate the extent to which the agency has been successful in maintaining a merit-based human resources system in the absence of the traditional civil service rules and procedures;

(2) quantify time and money saved in the hiring process under the pilot project as compared to hiring under the traditional rules and procedures; and

(3) document the extent of complaints or problems arising under the new system.

The agency involved in the pilot project under this section and the department of employee relations must report to the legislature by October 1, 1996, and October 1, 1997, on the progress and results of the project. The report must include at least the elements required in this subdivision, and must also make recommendations for legislative changes needed to ensure the state will have the most efficient and effective merit-based human resources system possible.

Subd. 4. [WORKING GROUP.] The governor shall appoint a stakeholder working group to advise the agency selected in subdivision 2 and the commissioner of employee relations on implementation of the pilot project under this section. The group shall include not more than 15 people, and must include:

(1) not more than five representatives of management of the agency selected for the pilot project;

(2) not more than five representatives of exclusive representatives of the agency selected by the pilot project, chosen by the exclusive representatives, provided that the number of representatives under this clause may not be less than the number of management representatives under clause (1);

(3) up to three representatives of customers of the services provided by the agency selected for the pilot project; and

(4) up to two representatives of nonprofit citizens' organizations devoted to the study and improvement of government services.

Subd. 5. [PILOT PROJECT.] During the biennium ending June 30, 1997, the human resources innovation committee established under Laws 1993, chapter 301, section 1, subdivision 6, shall designate state job classifications to be included in a pilot project. Under this pilot project: (1) resumes of applicants for positions to be filled through a competitive open process will be evaluated through an objective computerized system that will identify which applicants have the required skills; and (2) information on applicants determined to have required skills will be forwarded to the agency seeking to fill a vacancy, without ranking these applicants, and without a limit on the number of applicants that may be forwarded to the hiring agency. Laws or rules that govern examination, ranking of eligibles, and certification of eligibles for competitive open positions do not apply to those job classifications included in the pilot project. Before designating a job classification under this subdivision, the committee must assure that the hiring process for those job classifications complies with the policies in subdivision 1.

Subd. 6. [EVALUATION.] The commissioner of employee relations, in consultation with the human resources innovation committee, shall design and implement a system for evaluating the success of the pilot project in subdivision 5. By October 1, 1996, and October 1, 1997, the commissioner must report to the legislature on the pilot project. The report must:

(1) list job classifications subject to the pilot project, and the number of positions filled under these job classes;

(2) evaluate the extent to which the project has been successful in maintaining a merit-based system in the absence of traditional civil service laws and rules;

(3) quantify time and money saved in the hiring process under the pilot project, as compared to hiring under the traditional laws and rules;

(4) document the extent of complaints or problems arising under the new system; and

(5) recommend any changes in laws or rules needed to make permanent the successes of the pilot project.

Subd. 7. [EXTENSION.] Laws 1993, chapter 301, section 1, subdivision 6, is not repealed until June 30, 1997.

Subd. 8. [REPEALER.] Minnesota Rules, parts 3900.0100 to 3900.4700 and 3900.6100 to 3900.9100, and all administrative procedures of the department of employee relations that control the manner in which state agencies hire employees, are repealed on June 30, 1999.

Sec. 3. [GAINSHARING.]

Subdivision 1. [FINDINGS.] The legislature recognizes state employees as crucial resources in providing effective and efficient government services to the people of Minnesota. The legislature believes that state employees should benefit from successful efforts they make to improve government efficiency and effectiveness. Efforts to improve government efficiency and effectiveness include, but are not limited to, reductions in unnecessary paperwork, repeal of unnecessary state, federal, and local regulations, and reductions in unnecessary staff.

Subd. 2. [PILOT PROJECT.] During the biennium ending June 30, 1997, the department of employee relations must implement a system of incentives including economic incentives for unrepresented employees for employees in the department. The system must be approved by the commissioner of finance before being implemented. The system must have the following characteristics:

(1) it must provide nonmanagerial unrepresented employees within the agency the possibility of earning economic rewards by suggesting changes in operation of the department's programs;

(2) it must provide nonmanagerial represented employees within the agency the possibility of receiving individual economic rewards, if provided in a collective bargaining agreement, for suggesting changes in the operation of the department's programs;

(3) it must provide groups of nonmanagerial represented employees within the agency the possibility of receiving group rewards in the form of training opportunities, filling of unfilled employee complement, or other resources that benefit overall group performance;

(4) any economic awards must be based on changes in operations suggested by nonmanagerial employees that result in objectively measurable cost savings of at least $25,000 or significant and objectively measurable efficiencies in services that the agency provides to its customers or clients, without decreasing the quality of these services;

(5) awards must be a minimum of $500 up to a maximum of $2,500 per year to unrepresented nonmanagerial employees who were instrumental in identifying and implementing the efficiency and cost-saving measures;

(6) an "efficiency savings account" must be created within each fund that is used to provide money for department services. Each account consists of money saved directly as a result of initiatives under this section. Any awards under this article must be paid from money in an efficiency savings account. One-half of the money in the account may be used for awards under this section, and the remainder must be returned to the fund from which the money was appropriated;

(7) no award shall be given except upon approval of a team comprised of equal numbers of management and nonmanagement employees selected by the commissioner of employee relations from state employees outside of the department; and

(8) the economic awards granted to unrepresented employees must be one-time awards, and must not add to the base salary of employees.

Subd. 3. [REPORTING.] The department of employee relations must report to the legislature on October 1, 1996, and October 1, 1997, on the progress and results of the incentive programs under this section. The reports must include:

(1) a description of the measurable cost savings and in-agency services that were used as the basis for rewards; and

(2) a list of the number and amount of awards granted.

Sec. 4. [PROCUREMENT.]

Subdivision 1. [PURPOSE.] The primary purpose of the laws governing state contracting is to ensure that state agencies obtain high quality goods and services at the least cost and in the most efficient and effective manner. The purpose of this section is to establish a process to ensure that agencies obtain goods and services in this manner, while removing rules and procedures that cause unnecessary inefficiencies in the purchasing system.

Subd. 2. [PILOT PROJECT.] Notwithstanding any law to the contrary, the governor shall designate an executive agency that, during the biennium ending June 30, 1997, is exempt from any law, rule, or administrative procedure that requires approval of the commissioner of administration before an agency enters into a contract. The agency selected in this subdivision must establish a process for obtaining goods and services that complies with the policies in subdivision 1. The process must include guidelines to prevent conflicts of interest for agency employees involved in developing bid specifications or proposals, evaluating bids or proposals, entering into contracts, or evaluating the performance of a contractor. The guidelines must attempt to ensure that such an employee:

(1) does not have any financial interest in and does not personally benefit from the contract;

(2) does not accept from a contractor or bidder any promise, obligation, contract for future reward, or gift, other than an item of nominal value; and

(3) does not appear to have a conflict of interest because of a family or close personal relationship to a contractor or bidder, or because of a past employment or business relationship with a contractor or bidder.

Upon request of the agency, the department of administration shall provide the agency technical assistance in designing such a process.

Subd. 3. [EVALUATION.] The commissioner of administration, in consultation with the agency selected in subdivision 2, shall design and implement a system for evaluating the success of the pilot project in subdivision 2. The system specifically must:

(1) evaluate the extent to which the agency has been successful in obtaining high quality goods and services at the least cost in the absence of the traditional checks placed on agencies by laws, rules, and procedures administered by the commissioner of administration;

(2) quantify time and money saved in the procurement process under the pilot project as compared to purchasing goods and services under the traditional rules and procedures; and

(3) document the extent of complaints or problems arising under the new system.

The agency involved in the pilot project under this section and the commissioner of administration must report to the legislature by October 1, 1996, and October 1, 1997, on the progress and results of the project. The reports must include at least the elements required in clauses (1) to (3) and must also make recommendations for legislative changes needed to ensure that the state will have the most efficient and effective system possible for purchasing goods and services.

Sec. 5. [EFFECTIVE DATE.]

This article is effective on the day following final enactment.

ARTICLE 14

PRESERVATION OF COLLECTIVE BARGAINING

Section 1. [POLICY.]

Nothing in article 13 authorizes the unilateral modification or abrogation of a right under a collective bargaining agreement. The legislature affirmatively encourages state agencies and bargaining units, when negotiating future agreements, to allow for participation in pilot projects that foster innovation, creativity, and productivity within the state human resource system and within individual agencies, departments, or units thereof.

Sec. 2. [STUDY.]

The legislative coordinating commission or another legislative commission designated by the legislative coordinating commission shall study issues related to determination of which public employees are supervisory and confidential employees, as discussed in recent appellate court decisions involving employees in McLeod and Scott counties. The commission shall determine what changes are needed in procedures or rules of the bureau of mediation services, or in legislation, to maintain an appropriate balance in the determination of which employees are confidential and supervisory employees under Minnesota Statutes, chapter 179A. The commission shall report conclusions and recommendations to the legislature by February 1, 1996.

Sec. 3. [EFFECTIVE DATE.]

This article is effective on the day following final enactment.

ARTICLE 15

UNIVERSITY OF MINNESOTA

Section 1. [UNIVERSITY OF MINNESOTA CONTRACTING.]

Notwithstanding any law to the contrary, the governor shall designate one executive agency that will work with the University of Minnesota to develop more efficient and effective procedures for state agencies to contract with the University of Minnesota. Consideration shall be given to using a single agency and a single set of administrative procedures for all state contracting with the University. As part of its 1998-1999 biennial budget request, the University of Minnesota shall include measures demonstrating the efficiency gained through these procedures and any recommendations for further improvements.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment.

ARTICLE 16

BOARD OF INNOVATION

Section 1. [465.7971] [WAIVERS OF STATE RULES; POLICIES.]

Subdivision 1. [APPLICATION.] A state agency may apply to the board for a waiver from: (1) an administrative rule or policy adopted by the department of employee relations that deals with the state personnel system; (2) an administrative rule or policy of the department of administration that deals with the state procurement system; or (3) a policy of the department of finance that deals with the state accounting system. Two or more state agencies may submit a joint application. A waiver application must identify the rule or policy at issue, and must describe the improved outcome sought through the waiver.

Subd. 2. [REVIEW PROCESS.] (a) The board shall review all applications submitted under this section. The board shall dismiss an application if it finds that the application proposes a waiver that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them. If a proposed waiver would violate the terms of a collective bargaining agreement effective under chapter 179A, the waiver is not effective without the consent of the exclusive representative that is a party to the agreement. The board may approve a waiver only if the board determines that if the waiver is granted: (1) services can be provided in a more efficient or effective manner; and (2) services related to human resources must be provided in a manner consistent with the policies expressed in article 13, section 2, and in section 43A.01 and services related to procurement must be provided in a manner consistent with the policies expressed in article 13, section 4. In the case of a waiver from a policy of the department of finance, the board may approve the waiver only if it determines that services will be provided in a more efficient or effective manner and that state funds will be adequately accounted for and safeguarded in a manner that complies with generally accepted government accounting principles.

(b) Within 15 days of receipt of the application, the board shall send a copy of the application to: (1) the agency whose rule or policy is involved; and (2) all exclusive representatives who represent employees of the agency requesting the waiver. The agency whose rule or policy is involved may mail a copy of the application to all persons who have registered with the agency under section 14.14, subdivision 1a.

(c) The agency whose rule or policy is involved or an exclusive representative shall notify the board of its agreement with or objection to and grounds for objection to the waiver within 60 days of the date when the application was transmitted to the agency or the exclusive representative. An agency's or exclusive representative's failure to do so is considered agreement to the waiver.

(d) If the agency or the exclusive representative objects to the waiver, the board shall schedule a meeting at which the agency requesting the waiver may present its case for the waiver and the objecting party may respond. The board shall decide whether to grant a waiver at its next regularly scheduled meeting following its receipt of an agency's response, or the end of the 60-day response period, whichever occurs first. If consideration of an application is not concluded at the meeting, the matter may be carried over to the next meeting of the board. Interested persons may submit written comments to the board on the waiver request.

(e) If the board grants a request for a waiver, the board and the agency requesting the waiver shall enter into an agreement relating to the outcomes desired as a result of the waiver and the means of measurement to determine whether those outcomes have been achieved with the waiver. The agreement must specify the duration of the waiver, which must be for at least two years and not more than four years. If the board determines that an agency to which a waiver is granted is failing to comply with the terms of the agreement, the board may rescind the agreement.

Subd. 3. [BOARD.] For purposes of evaluating waiver requests involving rules or policies of the department of administration, the chief administrative law judge shall appoint a third administrative law judge to replace the commissioner of administration on the board.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 17

LOCAL GOVERNMENT

Section 1. Minnesota Statutes 1994, section 256B.056, is amended by adding a subdivision to read:

Subd. 4a. [ASSET VERIFICATION.] For purposes of verification, the value of a life estate shall be considered not saleable unless the owner of the remainder interest intends to purchase the life estate, or the owner of the life estate and the owner of the remainder sell the entire property.

Sec. 2. Minnesota Statutes 1994, section 256B.056, is amended by adding a subdivision to read:

Subd. 4b. [INCOME VERIFICATION.] The local agency shall not require a monthly income verification form for a recipient who is a resident of a long-term care facility and who has monthly earned income of $80 or less.

Sec. 3. Minnesota Statutes 1994, section 256B.056, is amended by adding a subdivision to read:

Subd. 5a. [INDIVIDUALS ON FIXED INCOME.] Recipients of medical assistance who receive only fixed unearned income, where such income is unvarying in amount and timing of receipt throughout the year, shall report and verify their income annually.

Sec. 4. Minnesota Statutes 1994, section 256B.056, is amended by adding a subdivision to read:

Subd. 5b. [INDIVIDUALS WITH LOW INCOME.] Recipients of medical assistance not residing in a long-term care facility who have slightly fluctuating income which is below the medical assistance income limit shall report and verify their income on a semiannual basis.

Sec. 5. Minnesota Statutes 1994, section 256D.405, is amended by adding a subdivision to read:

Subd. 1a. [EXEMPTION.] Recipients who maintain supplemental security income eligibility are exempt from the reporting requirements of subdivision 1, except that the policies and procedures of transfers of assets are those used by the medical assistance program under section 256B.0595.

Sec. 6. [RAMSEY CONSTRUCTION CONTRACTS; PILOT PROJECT FOR ALTERNATIVE PROCUREMENT METHODS.]

Ramsey county may conduct a pilot project for construction projects under this section. Notwithstanding any other law, Ramsey county may contract for the acquisition, construction, or improvement of real property or buildings in a manner determined by the county board, with or without advertising for bids. Before proceeding without advertising for bids, the county board shall, by a vote of at least five board members, make a determination that an alternative construction procurement method serves the interest of the public in regard to cost, speed, and quality of construction. Alternative construction procurement methods include, but are not limited to: (1) the solicitation of proposals for construction on a design/build basis and subsequent negotiation of contract terms; or (2) the solicitation of proposals for a construction management

agreement which may include a guaranteed maximum price. The provisions of Minnesota Statutes, section 383A.201, apply to this section. Each year, before January 15, Ramsey county shall report on actions taken under this section during the preceding year to state house and senate legislative committees having jurisdiction over local government matters. The authority provided in this section expires December 31, 1997.

Sec. 7. [REPEALER.]

Minnesota Statutes 1994, section 256D.425, subdivision 3, is repealed.

Sec. 8. [EFFECTIVE DATE.]

Section 6 is effective on the day following final enactment. Sections 1 to 5 and 7 are effective August 1, 1995. Section 3 ceases to be effective if a federal agency determines that implementation of section 3 would cause a loss of federal funding.

ARTICLE 18

DEADLINE FOR AGENCY ACTION

Section 1. [15.99] [TIME DEADLINE FOR AGENCY ACTION.]

Subdivision 1. [DEFINITION.] For purposes of this section, "agency" means a department, agency, board, commission, or other group in the executive branch of state government; a statutory or home rule charter city, county, town, or school district; any metropolitan agency or regional entity; and any other political subdivision of the state.

Subd. 2. [DEADLINE FOR RESPONSE.] Except as otherwise provided in this section and notwithstanding any other law to the contrary, an agency must approve or deny within 60 days a written request relating to zoning, septic systems, or expansion of the metropolitan urban service area for a permit, license, or other governmental approval of an action. Failure of an agency to deny a request within 60 days is approval of the request. If an agency denies the request, it must state in writing the reasons for the denial at the time that it denies the request.

Subd. 3. [APPLICATION; EXTENSIONS.] (a) The time limit in subdivision 2 begins upon the agency's receipt of a written request containing all information required by law or by a previously adopted rule, ordinance, or policy of the agency. If an agency receives a written request that does not contain all required information, the 60-day limit starts over only if the agency sends notice within ten business days of receipt of the request telling the requester what information is missing.

(b) If an action relating to zoning, septic systems, or expansion of the metropolitan urban service area requires the approval of more than one state agency in the executive branch, the 60-day period in subdivision 2 begins to run for all executive branch agencies on the day a request containing all required information is received by one state agency. The agency receiving the request must forward copies to other state agencies whose approval is required.

(c) An agency response meets the 60-day time limit if the agency can document that the response was sent within 60 days of receipt of the written request.

(d) The time limit in subdivision 2 is extended if a state statute, federal law, or court order requires a process to occur before the agency acts on the request, and the time periods prescribed in the state statute, federal law, or court order make it impossible to act on the request within 60 days. In cases described in this paragraph, the deadline is extended to 60 days after completion of the last process required in the applicable statute, law, or order. Final approval of an agency receiving a request is not considered a process for purposes of this paragraph.

(e) The time limit in subdivision 2 is extended if: (1) a request submitted to a state agency requires prior approval of a federal agency; or (2) an application submitted to a city, county, town, school district, metropolitan or regional entity, or other political subdivision requires prior approval of a state or federal agency. In cases described in this paragraph, the deadline for agency action is extended to 60 days after the required prior approval is granted.

(f) An agency may extend the timeline under this subdivision before the end of the initial 60-day period by providing written notice of the extension to the applicant. The notification must

state the reasons for the extension and its anticipated length, which may not exceed 60 days unless approved by the applicant.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1995, and applies to any written request submitted after that date.

ARTICLE 19

STATE AGENCY CUSTOMER SERVICE

Section 1. [15.101] [CUSTOMER SERVICE.]

Subdivision 1. [DEFINITIONS.] For purposes of this section and section 15.102:

(1) "business license" or "license" has the meaning given it in section 116J.70, subdivision 2, and also includes licenses and other forms of approval listed in section 116J.70, subdivision 2a, clauses (7) and (8), but does not include those listed in subdivision 2a, clauses (1) to (6);

(2) "customer" means an individual; a small business as defined in section 645.445, but also including a nonprofit corporation that otherwise meets the criteria in that section; a family farm, family farm corporation, or family farm partnership as defined in section 500.24, subdivision 2; or a political subdivision as defined in section 3.881, subdivision 2;

(3) "initial agency" means the state agency to which a customer submits an application for a license or inquires about submitting an application; and

(4) "responsible agency" means the initial agency or another state agency that agrees to be designated the responsible agency.

Subd. 2. [RESPONSIBILITY FOR CUSTOMER NEEDS.] (a) When a customer applies to a state agency for a license to engage in activity, the agency is responsible for providing the customer with information the customer needs from the state to complete the application, including information on any other agency or agencies that must take action before the license may be granted or that must issue a separate license before the customer may proceed with the activity. The employee of the initial agency or responsible agency who accepts the customer's application or inquiry regarding an application shall provide the customer with the employee's name, title, and work telephone number and shall inform the customer that the employee will be available to provide assistance and information as the customer proceeds with the application and awaits the agency's action on it.

(b) If the responsible agency determines that another state agency or agencies must act on an application, the responsible agency shall forward all necessary application forms and other required information to the other agency or agencies and shall coordinate with the other agency or agencies in an effort to assure that all action on the application is completed within the time specified in section 15.102.

(c) At the request of a customer, the responsible agency shall prepare a written work plan, which is not a binding contract, setting out the steps necessary for the customer to complete the application, the time when the responsible agency may be expected to take action on the application, the steps the responsible agency will take to forward an application or required information to any other state agency or agencies that must take action, and the process by which the other agency or agencies may be expected to act. The work plan must include information on the deadline for agency action under section 15.102 and on the result of agency failure to meet the deadline. The work plan must be provided to a customer no later than 20 working days after the customer requested the plan.

Sec. 2. [15.102] [TIME LIMITATION.]

Subdivision 1. [DEADLINE FOR ACTION.] Unless a shorter period is provided by law, all state agencies that must act on a customer's application for a license shall take final action on it within 60 days after the customer's submission of a completed application to the responsible agency or within 60 days after the customer has been provided with a work plan under section 15.101, subdivision 2, paragraph (c), whichever is later. If action on the application is not

completed within 60 days, the license is deemed to be granted. The time period specified in this subdivision does not begin to run until the customer has completed any required application in complete, correct form and has provided any additional required information or documentation.

Subd. 2. [LONGER TIME LIMITS.] An agency may provide for a longer time for the conclusion of action on an application, by itself and by another agency or agencies, if:

(1) the agency states in writing to the customer that a longer time is needed to protect against serious and significant harm to the public health, safety, or welfare, states the reason why, and specifies the additional time needed;

(2) the agency states in writing to the customer that a longer time is needed to comply with state or federal requirements, states the requirements, and specifies the additional time needed; or

(3) an agency that must take action on an application is a multimember board that meets periodically, in which case the agency must complete its action within 60 days after its first meeting after receipt of the application, or within a longer period established under clause (1) or (2).

Subd. 3. [EXCLUSIONS.] This section does not apply to an application requiring one or more public hearings or an environmental impact statement or environmental assessment worksheet.

Subd. 4. [COMPLIANCE.] When a license is deemed granted under subdivision 1, this section does not limit the right of an agency to suspend, limit, revoke, or change a license for failure of the customer to comply with applicable laws or rules.

Subd. 5. [LIMIT ON REVIEW.] A decision of an agency under subdivision 2 that a time longer than 60 days is needed to complete action on an application is not subject to judicial review.

Sec. 3. [15.103] [OTHER LAW.]

A state agency action that is subject to section 15.99 is governed by section 15.99 if there is a conflict between that section and sections 15.101 and 15.102.

Sec. 4. [NO ADDITIONAL RESOURCES.]

During the biennium ending June 30, 1997, agencies shall comply with sections 1 and 2 with their existing complements and appropriations."

Amend the title accordingly

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Phil J. Riveness, James P. Metzen, Jane B. Ranum, Linda Runbeck, Jerry R. Janezich

House Conferees: (Signed) Howard Orenstein, Gene Pelowski, Jr., Mike Delmont, Phil Carruthers, Robert Ness

Mr. Riveness moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1246 be now adopted, and that the bill be repassed as amended by the Conference Committee.

CALL OF THE SENATE

Mr. Lessard imposed a call of the Senate for the balance of the proceedings on S.F. No. 1246. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Riveness. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1246 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 58 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Neuville	Sams
Beckman	Hanson	Krentz	Novak	Samuelson
Belanger	Hottinger	Kroening	Oliver	Scheevel
Berg	Janezich	Laidig	Olson	Solon
Berglin	Johnson, D.E.	Langseth	Ourada	Spear
Bertram	Johnson, D.J.	Larson	Pappas	Stevens
Betzold	Johnson, J.B.	Lesewski	Piper	Stumpf
Chandler	Johnston	Limmer	Pogemiller	Terwilliger
Cohen	Kelly	Metzen	Ranum	Vickerman
Day	Kiscaden	Moe, R.D.	Riveness	Wiener
Dille	Kleis	Mondale	Robertson	
Finn	Knutson	Murphy	Runbeck	

Those who voted in the negative were:

Frederickson	Marty	Merriam	Pariseau	Price
Lessard				

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1393 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1393

A bill for an act relating to public finance; providing conditions and requirements for the issuance of debt and use of the proceeds; authorizing use of capital improvement bonds for indoor ice arenas; exempting issuance of certain debt from election requirements; authorizing home rule charter cities to issue tax anticipation certificates; authorizing operation of certain recreational facilities; providing for the computation of tax increment from certain hazardous substance subdistricts; authorizing continuing disclosure agreements; providing for funding of self-insurance by political subdivisions; providing for the issuance of temporary obligations and modifying issuance procedures; amending Minnesota Statutes 1994, sections 373.40, subdivision 1; 447.46; 462C.05, subdivision 1; 469.041; 469.174, subdivision 4, and by adding subdivisions; 469.175, subdivision 1; 469.177, subdivisions 1, 1a, and 2; 471.16, subdivision 1; 471.191, subdivisions 1 and 2; 471.98, subdivision 3; 471.981, subdivisions 2, 4a, 4b, and 4c; 475.51, subdivision 4; 475.52, subdivision 6; 475.58, subdivision 1, and by adding a subdivision; 475.60, by adding a subdivision; 475.61, by adding a subdivision; 475.63; and 475.79; Laws 1971, chapter 773, section 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 373; and 410.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1393, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1393 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 373.40, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, and roads and bridges. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Commissioner" means the commissioner of trade and economic development.

(d) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(e) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the metropolitan council or by the state demographer under section 4A.02.

(f) "Qualified indoor ice arena" means a facility that meets the requirements of section 2.

(g) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 2. [373.43] [FINANCING AUTHORITY; ICE FACILITIES.]

A county may issue and sell its general obligations under chapter 475 to finance acquisition and construction of an indoor ice arena intended to be used predominantly for youth athletic activities if all the following conditions are met.

(a) The obligations are secured by a pledge of revenues from the facility.

(b) The county has entered into a qualified agreement. A qualified agreement means:

(1) a joint powers agreement with the school district or the city in which the facility is located that governs ownership, operation, and maintenance of the facility; or

(2) an agreement with a nonprofit corporation, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, that provides that the corporation will operate, manage, and maintain the facility; or

(3) any combination of agreements under clauses (1) and (2).

(c) The agreements under paragraph (b) provide that all parties must pay the principal and interest on obligations, if the revenues for the facility are insufficient to pay the obligations in full.

(d) The county board finds, based on analysis provided by a professional experienced in finance, that the facility's revenues and other available money will be sufficient to pay the obligations, without reliance on a property tax levy or the general purpose state aid of the county or any party to a joint powers agreement.

Sec. 3. [373.44] [REVENUE FINANCING AUTHORITY; ICE FACILITIES.]

For the purpose of acquiring, leasing, equipping, or maintaining land or buildings for use as an indoor ice arena as defined in section 2, a county has the same authority and powers granted to a city by section 471.191.

Sec. 4. Minnesota Statutes 1994, section 447.46, is amended to read:

447.46 [REVENUE PLEDGED.]

The county, city, or hospital district may pledge and appropriate the revenues to be derived from its operation of the facilities~~, except related medical facilities,~~ to pay the principal and interest on the bonds when due and to create and maintain reserves for that purpose, as a first and prior lien on the revenues or, if so provided in the bond resolution, as a lien on the revenues subordinate to the current payment of a fixed amount or percentage or all of the costs of running the facilities.

Sec. 5. Minnesota Statutes 1994, section 462C.05, subdivision 1, is amended to read:

Subdivision 1. A city may also include in the housing plan, a program or programs to administer, and make or purchase a loan or loans to finance one or more multifamily housing developments within its boundaries, of the kind described in subdivision 2, 3, 4 or 7, and upon the conditions set forth in this section. A loan may be made or purchased for

(a) the acquisition and preparation of a site and the construction of a new development,

(b) the rehabilitation of an existing building and site and the discharge of any lien or other interest in the building and site,

(c) for the acquisition of an existing building and site and the rehabilitation thereof,

(d) for the acquisition of an existing building and site for purposes of conversion to limited equity cooperative ownership by low or moderate income families, ~~or~~

(e) for the acquisition, or acquisition and improvement, of an existing building and site by a nonprofit corporation which will operate the building as a multifamily housing development for rental primarily to elderly or handicapped persons, or

(f) the taking out of accumulated equity in connection with a program of federal insurance for the preservation of low-income housing.

With respect to loans made or purchased pursuant to clause (b) or (c), the cost of rehabilitation of an existing building must be estimated to equal at least $1,000 per dwelling unit or 20 percent of the appraised value of the original building and site whichever is less, except that with respect to rehabilitation which consists primarily of improvement of the property with facilities or improvements to conserve energy or convert or retrofit for use of alternative energy sources, rehabilitation loans may be made without regard to cost; and at least a substantial portion of such rehabilitation cost must be estimated to be incurred for compliance with building codes or conservation of energy.

Each development upon completion shall comply with all applicable code requirements. A loan or loans may be made or purchased for either the construction or the long-term financing of a development, or both, including the financing of the acquisition of dwelling units and interests in common facilities provided therein, by persons to whom such units and facilities may be sold as contemplated in chapter 515 or 515A or any supplemental or amendatory law thereof or as contemplated for a development consisting of cooperative housing.

Substantially all of the proceeds of each loan shall be used to pay the cost of a multifamily housing development, including property functionally related and subordinate to it; but nothing herein prevents the construction or acquisition of the development over, under, or adjacent to, and in conjunction with facilities to be used for purposes other than housing.

Sec. 6. Minnesota Statutes 1994, section 465.73, is amended to read:

465.73 [TOWN HALLS; FIRE HALLS OR RESCUE EQUIPMENT; LOANS TO POLITICAL SUBDIVISIONS.]

For purposes of constructing, repairing, or acquiring town halls, fire halls or fire or rescue equipment any city, county, or town may borrow up to $250,000 from funds granted to a rural electric cooperative organized under chapter 308A by, directly from or guaranteed by the Farmers Home Administration or other agency of the United States Department of Agriculture on a note secured by a mortgage on the property purchased with the borrowed funds. The city, county, or town may assign or pledge revenues from the town halls, fire or rescue department, or fire hall or any other available funds, including taxes levied pursuant to section 475.61 to the Farmers Home Administration or other agency of the United States Department of Agriculture or its guaranteed lender or a rural electric cooperative organized under chapter 308A as its grantee to repay the loan. The amount of the obligation shall not be included when computing the net debt of the city, county, or town. An election shall not be required to authorize the note and mortgage or assignment of revenues.

Sec. 7. Minnesota Statutes 1994, section 469.041, is amended to read:

469.041 [STATE PUBLIC BODIES, POWERS AS TO PROJECTS.]

For the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of projects, any state public body may upon the terms, with or without consideration, as it may determine:

(1) Dedicate, sell, convey, or lease any of its interests in any property, or grant easements, licenses, or any other rights or privileges therein to an authority. Except in cities of the first class having a population of less than 200,000, the public body may pay the bonds of or make loans or contributions for redevelopment projects, and the receipt or expenditure of any money expended hereunder by the state public body shall not be included within the definition of any limitation imposed on per capita taxing or spending in the charter of the state public body. No state public body may use any revenues or money of that state public body to pay the bonds of or make any loans or contributions to any public housing project, except to a public low-rent housing project (i) for which financial assistance is provided by the federal government which requires a municipality or other local public body to use its revenues or money for a direct loan or grant to the project as a condition for federal financial assistance and (ii) where the local financial assistance for the project is authorized by resolution of the governing body of the municipality;

(2) Cause parks, playgrounds, recreational, community, education, water, sewer or drainage facilities, or any other works which it may undertake, to be furnished adjacent to or in connection with such projects;

(3) Approve, through its governing body or through an agency designated by it for the purpose, redevelopment plans, plan or replan, zone or rezone its parks; in the case of a city or town, make changes in its map; the governing body of any city may waive any building code requirements in connection with the development of projects;

(4) Cause services to be furnished to the authority of the character which it may otherwise furnish;

(5) Enter into agreements with respect to the exercise by it of its powers relating to the repair, closing, or demolition of unsafe, unsanitary, or unfit buildings;

(6) Do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, or operation of the projects;

(7) Incur the entire expense of any public improvements made by it in exercising the powers granted in sections 469.001 to 469.047;

(8) Enter into agreements with an authority respecting action to be taken by the state public body pursuant to any of the powers granted by sections 469.001 to 469.047; the agreements may extend over any period, notwithstanding any law to the contrary; ~~and~~

(9) Furnish funds available to it from any source, including the proceeds of bonds, to an authority to pay all or any part of the cost to the authority of the activities authorized by section 469.012, subdivision 1, clause (7); and

(10) With respect to a housing development project and bonds which an authority has issued for the project, exercise the powers available to a city under section 471.191, subdivision 2, as though the project were a recreational program; provided that this power may only be exercised by a city or county in which the project is located or in accordance with a joint powers agreement with other cities or counties that have authorized the exercise of the powers for other projects as part of a common financing plan.

Sec. 8. Minnesota Statutes 1994, section 469.060, subdivision 1, is amended to read:

Subdivision 1. [POWER; PROCEDURE.] A port authority may issue bonds in the principal amount authorized by its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 469.049, 469.050, and 469.058 to 469.068. The bonds must be in the amount and form and bear interest at the rate set by the city council. ~~The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids once at least two weeks before the bid deadline.~~ Except as otherwise provided in sections 469.048 to 469.068, the issuance of the bonds is governed by chapter 475. The port authority when issuing the bonds is a municipal corporation under chapter 475. Notwithstanding any contrary city charter provision or any general or special law, the bonds may be issued and sold without submission of the question to the electors of the city, provided that the ordinance of the governing body of the city authorizing issuance of the bonds by the port authority shall be subject to any provisions in the city charter pertaining to the procedure for referendum on ordinances enacted by the governing body.

Sec. 9. Minnesota Statutes 1994, section 469.102, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; PROCEDURE.] An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 469.090 to 469.108. The bonds must be in the amount and form and bear interest at the rate set by the city council. ~~The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline.~~ Except as otherwise provided in sections 469.090 to 469.108, the issuance of the bonds is governed by chapter 475. The authority when issuing the bonds is a municipal corporation under chapter 475.

Sec. 10. Minnesota Statutes 1994, section 469.305, subdivision 1, is amended to read:

Subdivision 1. [~~INCOME OR FRANCHISE TAX CREDIT~~ INCENTIVE GRANTS.] An ~~income or corporate franchise tax credit~~ incentive grant is available to businesses located in an enterprise zone that meet the conditions of this section. Each city designated as an enterprise zone is allocated $3,000,000 to be used to provide ~~credits~~ grants under this section for the duration of the program. Each city of the second class designated as an economically depressed area by the United States Department of Commerce is allocated $300,000 to be used to provide ~~credits~~ grants under this section for the duration of the program. For fiscal year 1998 and subsequent years, the proration in section 469.31 shall continue to apply until the amount designated in this subdivision is expended.

The ~~credit~~ incentive grant is in an amount equal to 20 percent of the wages paid to an employee, not to exceed $5,000 per employee per ~~taxable~~ calendar year. The ~~credit~~ incentive grant is available to an employer for a zone resident employed in the zone at full-time wage levels of not less than 170 percent of minimum wage. The ~~credit~~ incentive grant is not available to workers employed in construction or employees of financial institutions, gambling enterprises, public utilities, sports, fitness, and health facilities, or racetracks. The employee must be employed at that rate at the time the business applies for a ~~tax credit~~ grant, and must have been employed for at least one year at the business. ~~The credit applies to~~ A grant may be provided only for new jobs; for purposes of this section, a "new job" is a job that did not exist in Minnesota before May 6, 1994. ~~The credit is applicable to~~ The incentive grant authority is available for the five ~~taxable~~ calendar years after the application has been approved to the extent the allocation to the city remains available to fund the ~~credit~~ grants, and ~~provided that~~ if the city certifies to the commissioner on an

annual basis that the business is in compliance with the plan to recruit, hire, train, and retain zone residents.

Sec. 11. Minnesota Statutes 1994, section 469.305, subdivision 3, is amended to read:

Subd. 3. [REVIEW AND ANALYSIS.] The city must submit the ~~proposed tax credit~~ incentive grant proposal to the commissioner for approval. The proposal shall include a plan to recruit, hire, train, and retain zone residents. The ~~tax credit~~ proposal shall be approved unless the commissioner finds that the proposal is not in conformity with the provisions of sections 469.301 to 469.308.

If the city submits the ~~tax credit~~ incentive grant proposal to the commissioner before the expiration of the zone designation under section 469.302, subdivision 2, the authority of the commissioner to approve the ~~tax credit~~ proposal continues until the commissioner acts on the proposal.

Sec. 12. Minnesota Statutes 1994, section 469.306, is amended to read:

469.306 [REVOCATION.]

The commissioner may revoke a business' ~~tax credit~~ incentive grant if the applicant has not proceeded in good faith with its operations in a manner which is consistent with the purpose of sections 469.301 to 469.308 and is possible under circumstances reasonably within the control of the applicant.

The commissioner may reconsider the revocation of the ~~tax credit~~ incentive grant if the business provides evidence that circumstances of its failure to proceed were beyond its control or that it did not act in bad faith.

Sec. 13. Minnesota Statutes 1994, section 469.307, is amended to read:

469.307 [RECAPTURE.]

Subdivision 1. [TERMINATION OF OPERATIONS; OTHER VIOLATIONS.] Any business that receives ~~a tax credit authorized by~~ an incentive grant under section 469.305 and ceases to operate or otherwise violates the criteria for obtaining the ~~credit~~ grant for its facility located within the enterprise zone within seven years after the first receipt of a ~~credit~~ grant by the business shall repay the portion of the ~~tax credit~~ grant received as provided in the following schedule:

Termination of Operations or Other Violations	Repayment of Portion
Less than two years	100 percent
Between two years and four years	75 percent
Between four years and seven years	50 percent
More than seven years	0 percent

Subd. 2. [REPAYMENT.] The repayment must be paid to the state. The amount repaid must be credited to the amount certified as available for ~~tax credits~~ incentive grants in the zone under section 469.305.

Subd. 3. [LIEN.] If an event occurs that creates an obligation under subdivision 1 to repay all or part of the ~~tax credit~~ incentive grant, the repayment obligation immediately becomes a lien against the business' real and personal property located in Minnesota, including the property of subsidiaries, parents, and related corporations. A lien against real property under this subdivision has the same legal effect and must be collected in the same manner as unpaid real property taxes.

Sec. 14. Minnesota Statutes 1994, section 469.309, is amended to read:

469.309 [RURAL JOB CREATION ~~CREDIT~~ GRANTS.]

Subdivision 1. [~~CREDIT FOR~~ JOB CREATION GRANTS.] The commissioner of trade and economic development may approve ~~a credit against the tax due under chapter 290~~ an incentive

grant for an eligible business beginning with ~~the first taxable year after December 31, 1994~~ calendar year 1995. The maximum ~~credit available~~ grant is $5,000 per eligible employee. The actual ~~credit~~ grant is based on the following schedule:

$2,000 for each eligible employee with wages greater than or equal to 170 percent and less than 200 percent of the minimum wage;

$3,000 for each eligible employee with wages greater than or equal to 200 percent and less than 250 percent of the minimum wage;

$4,000 for each eligible employee with wages greater than or equal to 250 percent and less than 300 percent of the minimum wage; and

$5,000 for each eligible employee with wages greater than or equal to 300 percent of the minimum wage.

The total ~~credit~~ grant for an employer is equal to the actual ~~credit~~ grant multiplied by the number of employees eligible for that ~~credit~~ grant. For purposes of this section "minimum wage" means the minimum wage that is required by federal law. An eligible business may apply for a rural job creation ~~credit~~ grant only once for each new job. ~~The credit is refundable.~~

Subd. 2. [ELIGIBLE BUSINESS.] An employer eligible for a job ~~credit~~ creation incentive grant under this section must (1) be located outside the metropolitan area as defined under section 473.121 (2) create at least ten qualifying new jobs in a two-year period, and (3) consist of a for-profit business. For the purposes of this section, a "qualifying new job" is a job that did not exist in Minnesota before May 6, 1994.

Subd. 3. [ELIGIBLE EMPLOYEE.] To be eligible for a ~~credit~~ grant, the employee must be employed full time by an eligible business at a wage level of not less than 170 percent of the minimum wage at the time the eligible business applies for the ~~credit~~ grant and must have been employed there at that wage level for a minimum of 12 months. The ~~credit~~ grant applies only to new jobs created at the eligible business after May 6, 1994.

Subd. 4. [RESTRICTIONS.] The ~~tax credits~~ incentive grants provided by this section do not apply to racetracks, financial institutions, gambling enterprises, public utilities, or sports, fitness, and health facilities. An employer is not eligible for ~~a tax credit~~ an incentive grant if the commissioner determines that the position held by the employee for which the business is seeking a ~~credit~~ grant was transferred from an enterprise conducted by substantially the same business enterprise at another site in the state.

Sec. 15. Minnesota Statutes 1994, section 469.31, is amended to read:

469.31 [LIMIT ON ~~TAX CREDITS~~ GRANTS; APPROPRIATION.]

The maximum amount of ~~tax credits allowable~~ incentive grants payable under sections 469.305 and 469.309 is $900,000 for fiscal year 1997. Of that amount, one-third must be allocated to the city of Minneapolis, one-third to the city of St. Paul, and one-third to the remaining cities. Of the amounts allocated to the cities of Minneapolis and St. Paul, $25,000 must be subtracted from each city's allocation and is appropriated to the commissioner of economic security for administration of this program, provided that $25,000 of the appropriation is for fiscal year 1996 and $25,000 is for fiscal year 1997. Of the amount allocated to the remaining cities, a minimum of $60,000 must be allocated to the city of South St. Paul. No ~~tax credits are allowable~~ incentive grants may be paid before fiscal year 1997. If the commissioner of ~~revenue~~ economic security estimates by March 1, 1996, that ~~tax credits~~ incentive grants for fiscal year 1997 will exceed $900,000, the commissioner shall proportionately reduce each city's allocation to remain within the limit. The amount necessary to pay the allocations for grants under this section are appropriated to the commissioner of trade and economic development and the commissioner of economic security.

Sec. 16. Minnesota Statutes 1994, section 471.16, subdivision 1, is amended to read:

Subdivision 1. Any city, however organized, or any town, county, school district, or any board thereof, or any incorporated post of the American Legion or any other incorporated veterans' organization, may operate such a program independently, or they may cooperate among

themselves or with any nonprofit organization in its conduct and in any manner in which they may mutually agree; or they may delegate the operation of the program to a recreation board created by one or more of them, and appropriate money voted for this purpose to such board which may in turn support or cooperate with a nonprofit organization. ~~In the case of school districts after May 15, 1978, the right to enter into such agreements with any other corporation, board or body hereinbefore designated where bonds are issued by the other party and revenue pledged for bonds issued pursuant to section 471.191, shall be authorized only upon obtaining the approval of a majority of the electors voting on the question at a regular or special school election.~~

Sec. 17. Minnesota Statutes 1994, section 471.191, subdivision 1, is amended to read:

Subdivision 1. Any city operating a program of public recreation and playgrounds pursuant to sections 471.15 to 471.19 may acquire or lease, equip, and maintain land, buildings, and other recreational facilities, including, but without limitation, outdoor or indoor swimming pools, skating rinks and arenas, athletic fields, golf courses, marinas, concert halls, museums, and facilities for other kinds of athletic or cultural participation, contests, and exhibitions, together with related automobile parking facilities as defined in section 459.14, and may expend funds for the operation of such program and borrow and expend funds for capital costs thereof pursuant to the provisions of this section. A school district operating a program of public recreation and playgrounds has the rights provided in this section. Any facilities to be operated by a nonprofit corporation, as contemplated in section 471.16, may be leased to the corporation upon such rentals and for such term, not exceeding 30 years, and subject to such other provisions as may be agreed; including but not limited to provisions (a) permitting the lessee, subject to whatever conditions are stated, to provide for the construction and equipment of the facilities by any means available to it and in the manner determined by it, without advertisement for bids as required for other municipal facilities, and (b) granting the lessee the option to renew the lease upon such conditions and rentals, or to purchase the facilities at such price, as may be agreed; provided that (c) any such lease shall require the lessee to pay net rentals sufficient to pay the principal, interest, redemption premiums, and other expenses when due with respect to all city bonds issued for the acquisition or betterment of the facilities, less such amount of taxes and special assessments, if any, as may become payable in any year of the term of the lease, on the land, building, or other facilities leased, and (d) no option shall be granted to purchase the facilities at any time at a price less than the amount required to pay all principal and interest to become due on such bonds to the earliest date or dates on which they may be paid and redeemed, and all redemption premiums and other expenses of such payment and redemption.

Sec. 18. Minnesota Statutes 1994, section 471.191, subdivision 2, is amended to read:

Subd. 2. Any such city may issue bonds pursuant to chapter 475, for the acquisition and betterment of land, buildings, and facilities for the purpose of carrying out the powers granted by this section. Such bonds, unless authorized as general obligations of the issuer pursuant to approval of the electors or pursuant to another law or charter provision permitting such issuance without an election, shall be payable solely from the income of land, buildings, and facilities used or useful for the operation of the program, but may be secured by a pledge to the bondholders, or to a trustee, of all income and revenues of whatsoever nature derived from any such land, buildings, and facilities, as a first charge on the gross revenues thereof to the extent necessary to pay the bonds and interest thereon when due and to accumulate and maintain an additional reserve for that purpose in an amount equal to the total amount of payments to become due in any fiscal year. In this event the governing body of the issuer may by resolution or trust indenture define the land, buildings, or facilities, the revenues of which are pledged, and establish covenants and agreements to be made by the issuer for the security of the bonds, including a covenant that the issuer will establish, maintain, revise when necessary, and collect charges for all services, products, use, and occupancy of the land, buildings, and facilities, in the amounts and at the times required to produce the revenues pledged, and also sufficient, with any other funds appropriated by the governing body from time to time, to provide adequately for the operation and maintenance of the land, buildings, and facilities. After the issuance of any bonds for which revenues are so pledged, the governing body of the issuer shall provide in its budget each year for any anticipated deficiency in the revenues available for such operation and maintenance. For this purpose any issuer may levy a tax on the taxable property within its boundaries, in excess of taxes which may otherwise be levied within charter limitations~~, provided the excess levy for a city subject to a charter limitation is approved by a majority of its electors voting on the question at a regular or~~

~~special election~~. The authority to levy additional taxes granted herein shall not apply to cities or towns in which the net tax capacity consists in part of iron ore or lands containing taconite or semitaconite.

Sec. 19. Minnesota Statutes 1994, section 471.98, subdivision 3, is amended to read:

Subd. 3. [POOL.] "Pool" means any self-insurance fund or agreement for the reciprocal assumption of risk established by or among two or more political subdivisions for coverage of their respective risks including, but not limited to, the pools described in section 471.982, subdivision 3.

Sec. 20. Minnesota Statutes 1994, section 471.981, subdivision 2, is amended to read:

Subd. 2. A political subdivision may establish a self insurance revolving fund. The initial amount of the fund shall be determined by the governing body. The governing body may appropriate the amounts necessary to maintain the fund at the level specified in the ordinance or resolution establishing it. Expenditures from the fund may be made for:

(a) Payment of losses;

(b) Costs of defense and investigation;

(c) Premiums and deductible amounts when commercial insurance is purchased for a risk;

(d) Debt service and debt service related expenses for bonds issued under this section;

(e) Cost of loss control activities; and

~~(e)~~ (f) Any other costs customarily borne by commercial insurers under conventional insurance policies.

Sec. 21. Minnesota Statutes 1994, section 471.981, subdivision 4a, is amended to read:

Subd. 4a. [INSURANCE INSTALLMENT PURCHASE AGREEMENT.] A ~~county~~ political subdivision may, by resolution of its governing body, and without advertisement for bids, enter into an insurance installment purchase agreement with a self-insurance pool ~~created under subdivision 3~~. Such a self-insurance pool may purchase insurance on behalf of the participating ~~counties~~ political subdivisions and may use insurance installment purchase agreements or other obligations of the participating ~~counties~~ political subdivisions to provide the participating ~~counties~~ political subdivisions with coverage against all or any part of the risks enumerated in subdivision 1 and against any risk which the ~~county~~ political subdivision is authorized to insure under section 176.181, subdivision 1. ~~The~~ Notwithstanding any limitations set forth under section 475.52, a political subdivision which has established a self-insurance revolving fund under subdivision 2 or self-insurance pool may fund insurance claims and reserves and finance insurance installment purchase agreements for the political subdivision, self-insurance pool, or a mutual insurance company established pursuant to subdivision 4 and fund other costs set forth in subdivision 2 by issuing revenue bonds, bonds which are general obligations of the self-insurance pool or mutual insurance company, as applicable, or other obligations secured by payments made or to be made by the ~~participating counties~~ political subdivisions or pool. An insurance installment purchase agreement of a participating ~~county~~ political subdivision may require that the ~~county~~ political subdivision make payments sufficient to produce revenue for the prompt payment of the bonds or other obligations, including all interest and premiums, if any, accruing on them. The insurance installment purchase agreements may provide for additional contributions or premiums if it is actuarially determined that the assets of the insurance installment purchase agreements available to pay claims are insufficient. The insurance installment purchase agreements may be multiyear contracts and shall not be subject to any referendum, public bidding, or net debt limitation requirement of chapter 475.

Sec. 22. Minnesota Statutes 1994, section 471.981, subdivision 4b, is amended to read:

Subd. 4b. [BOND ISSUE FOR INSURANCE PROCUREMENT OR SELF-INSURANCE.] A self-insurance pool ~~of counties~~ may issue bonds which are general obligations of the self-insurance pool or revenue bonds secured by insurance installment purchase agreements of the

participating ~~counties~~ political subdivisions issued pursuant to subdivision 4a. The ~~self-insurance~~ pool, with the approval of the governing body of each participating ~~county~~ political subdivision, shall fix the total amount needed for the procurement of insurance and shall apportion to each participating ~~county~~ political subdivision the ~~county's~~ political subdivision's share of that amount and of the costs of operation, or of annual debt service or payments required to pay such amount with interest. Notwithstanding any limitations set forth under section 475.52, or any other general or special law or charter to the contrary, a political subdivision may issue revenue bonds or other obligations to provide funds for the purposes, including self-insurance, authorized by this section. Any other law notwithstanding, bonds or other obligations issued under this subdivision may be sold at public or private sale upon the terms and conditions the issuer determines. No election shall be required to authorize the issuance of the obligations, and the obligations shall not be subject to any limitation on net debt. Notwithstanding any limitation imposed by section 475.54, the obligations shall mature in the years the issuer determines. In addition to permitted uses described above, proceeds of obligations issued pursuant to this subdivision may be used to establish a debt service reserve for the obligations, pay costs of issuing the bonds or to refund obligations previously issued pursuant to this subdivision. ~~Any debt service reserve fund established under this subdivision shall not be subject to investment guidelines set forth in chapters 118 and 475. A self-insurance pool~~ An issuer of bonds authorized under this subdivision may designate a bank or trust company authorized to exercise trust powers in this state as trustee for the holders of obligations issued pursuant to this subdivision and may create funds and accounts necessary to secure payment of the obligations. Sales proceeds of bonds issued under this subdivision, except for sales proceeds used to pay costs of issuing the bonds shall be invested so that the average life of the investments exceeds the average life of the bonds. The proceeds from bonds issued under this subdivision must be held in trust and may only be paid to the self-insurer according to the schedule of payments set forth in the trust instruments.

A qualified actuary shall certify that the amount of the scheduled payment does not exceed the amount necessary to meet the obligation of the self-insurer at the time payment is scheduled to be made.

Notwithstanding the investment limitations imposed in chapters 118 and 475, proceeds of bonds issued pursuant to this subdivision, and debt service funds and reserves held in connection with them shall be invested solely in governmental bonds, notes, bills, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by act of Congress, excluding mortgage-backed securities.

If required by the resolution authorizing the issuance of obligations pursuant to this subdivision, the governing body of each participating ~~county~~ political subdivision shall annually levy a tax sufficient to repay the costs of retirement of any bonds or to make payments under insurance installment purchase agreements. Taxes may be levied pursuant to this subdivision without limitation as to rate or amount.

Sec. 23. Minnesota Statutes 1994, section 471.981, subdivision 4c, is amended to read:

Subd. 4c. [INSURANCE INSTALLMENT PURCHASE; INTEREST RATE.] Participating ~~counties~~ political subdivisions may delegate to a self-insurance pool of ~~counties~~ political subdivisions the power to determine the interest rate on insurance installment purchase agreements provided that the rate is uniform and does not exceed the net effective rate on revenue bonds or other obligations sold by or on behalf of the pool by more than one-fourth of one percent.

Sec. 24. Minnesota Statutes 1994, section 475.51, subdivision 4, is amended to read:

Subd. 4. [NET DEBT.] "Net debt" means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

(1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

(2) Warrants or orders having no definite or fixed maturity.

(3) Obligations payable wholly from the income from revenue producing conveniences.

(4) Obligations issued to create or maintain a permanent improvement revolving fund.

(5) Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

(6) Debt service loans and capital loans made to a school district under the provisions of sections 124.42 and 124.431.

(7) Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

(8) Obligations to repay loans made under section 216C.37.

(9) Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

(10) Obligations issued to pay pension fund liabilities under section 475.52, subdivision 6, or any charter authority.

(11) All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Sec. 25. Minnesota Statutes 1994, section 475.52, subdivision 6, is amended to read:

Subd. 6. [CERTAIN PURPOSES.] Any municipality may issue bonds for paying judgments against it; for refunding outstanding bonds; for funding floating indebtedness; or for funding all or part of the municipality's current and future unfunded liability for a pension or retirement fund or plan referred to in section 356.20, subdivision 2, as those liabilities are most recently computed pursuant to sections 356.215 and 356.216 ~~by purchasing one or more insurance policies or annuity contracts to pay all or a specified part of the liability within the period required by law~~. The board of trustees or directors of a pension fund or relief association referred to in section 69.77 or chapter 422A must consent and must be a party to any contract made under this section with respect to the fund held by it for the benefit of and in trust for its members.

Sec. 26. Minnesota Statutes 1994, section 475.58, subdivision 1, is amended to read:

Subdivision 1. [APPROVAL BY MAJORITY OF ELECTORS; EXCEPTIONS.] Obligations authorized by law or charter may be issued by any municipality upon obtaining the approval of a majority of the electors voting on the question of issuing the obligations, but an election shall not be required to authorize obligations issued:

(1) to pay any unpaid judgment against the municipality;

(2) for refunding obligations;

(3) for an improvement or improvement program, which obligation is payable wholly or partly from the proceeds of special assessments levied upon property specially benefited by the improvement or by an improvement within the improvement program, or of taxes levied upon the increased value of property within a district for the development of which the improvement is undertaken, including obligations which are the general obligations of the municipality, if the municipality is entitled to reimbursement in whole or in part from the proceeds of such special assessments or taxes and not less than 20 percent of the cost of the improvement or the improvement program is to be assessed against benefited property or is to be paid from the proceeds of federal grant funds or a combination thereof, or is estimated to be received from such taxes within the district;

(4) payable wholly from the income of revenue producing conveniences;

(5) under the provisions of a home rule charter which permits the issuance of obligations of the municipality without election;

(6) under the provisions of a law which permits the issuance of obligations of a municipality without an election;

(7) to fund pension or retirement fund liabilities pursuant to section 475.52, subdivision 6; ~~and~~

(8) under a capital improvement plan under section 373.40; and

(9) to fund facilities as provided in subdivision 3.

Sec. 27. Minnesota Statutes 1994, section 475.58, is amended by adding a subdivision to read:

Subd. 3. [YOUTH ICE FACILITIES.] (a) A municipality may, without regard to the election requirement under subdivision 1 or under any other provision of law or a home rule charter, issue and sell obligations to finance acquisition, improvement, or construction of an indoor ice arena intended to be used predominantly for youth athletic activities if all the following conditions are met:

(1) the obligations are secured by a pledge of revenues from the facility;

(2) the facility and its financing are approved by resolutions of at least two of the following governing bodies of (i) the city in which the facility is located, (ii) the school district in which the facility is located, or (iii) the county in which the facility is located;

(3) the governing body of the municipality finds, based on analysis provided by a professional experienced in finance, that the facility's revenues and other available money will be sufficient to pay the obligations, without reliance on a property tax levy or the municipality's general purpose state aid; and

(4) no petition for an election has been timely filed under paragraph (b).

(b) At least 30 days before issuing obligations under this subdivision, the municipality must hold a public hearing on the issue. The municipality must publish or provide notice of the hearing in the same manner provided for its regular meetings. The obligations are not exempt from the election requirement under this subdivision, if:

(1) registered voters equal to ten percent of the votes cast in the last general election in the municipality sign a petition requesting a vote on the issue; and

(2) the petition is filed with the municipality within 20 days after the public hearing.

(c) This subdivision expires December 31, 1997.

Sec. 28. Minnesota Statutes 1994, section 475.60, is amended by adding a subdivision to read:

Subd. 8. [CONTINUING DISCLOSURE AGREEMENTS.] Any officer of a municipality charged with the responsibility of issuing bonds for or on behalf of the municipality is authorized to enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with, or facilitate the issuance of bonds in accordance with, federal securities laws, rules and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. An agreement may comprise covenants with purchasers and holders of bonds set forth in the resolution authorizing the issuance of the bonds, or a separate document authorized by resolution.

Sec. 29. Minnesota Statutes 1994, section 475.61, is amended by adding a subdivision to read:

Subd. 6. [OTHER TEMPORARY OBLIGATIONS.] When all conditions exist precedent to the offering for sale of obligations of any municipality in any amount for any purpose authorized by law, the governing body may issue and sell temporary obligations not exceeding the total amount authorized, maturing in not more than three years from the date the obligations are issued, in anticipation of the issuance of the permanent obligations. To the extent that the principal of and interest on the temporary obligations cannot be paid when due from other sources pledged or appropriated for the purpose, they shall be paid from the proceeds of permanent bonds or additional temporary bonds which the governing body shall offer for sale in advance of their maturity but the indebtedness funded by an issue of temporary bonds shall not be extended by the

issue of additional temporary bonds for more than six years from the date of the first issue. The holders of any temporary bonds shall have and may enforce, by mandamus or other appropriate proceedings, all rights respecting the levy and collection of taxes that are granted by law to holders of permanent bonds, except the right to require the levies to be collected prior to the maturity of the temporary bonds. If any temporary bonds are not paid in full at maturity, the holders may require the issuance in exchange for them, at par, of new temporary bonds maturing within one year from their date of issue but not subject to any other maturity limitation, and bearing interest at the maximum rate permitted by law. The governing body may by resolution adopted prior to the sale of any temporary bonds pledge the full faith, credit, and taxing power of the municipality for the payment of the principal and interest, in addition to all provisions made for their security in the authorizing resolution. If it does so, the bonds will be designated as general obligation temporary bonds, and the governing body shall levy taxes for their payment in accordance with this section. Proceeds of permanent bonds or temporary bonds not yet sold may be treated as pledged revenues, in reduction of the tax otherwise required by this section to be levied prior to delivery of the obligations. Funds of a municipality may be invested in its temporary bonds in accordance with section 471.56, and may be purchased upon their initial issue, but shall be purchased only from funds which the municipality determines will not be required for other purposes before the maturity date, and shall be resold before maturity only in the case of an emergency.

Sec. 30. Minnesota Statutes 1994, section 475.63, is amended to read:

475.63 [CERTIFICATE AS TO REGISTRATION.]

Before any obligations payable in whole or in part from taxes shall be delivered to the purchaser, the municipality shall obtain and deliver to the purchaser a certificate of the county auditor that the issue has been entered on the register. If a tax levy is required by law, such certificate shall also recite that such tax has been levied as required by law.

Sec. 31. Minnesota Statutes 1994, section 475.79, is amended to read:

475.79 [POWERS AVAILABLE TO OTHER POLITICAL SUBDIVISIONS.]

Any powers granted to a municipality under this chapter, other than the power to issue general obligation bonds and levy taxes, may be exercised by any other governmental unit. This grant of authority does not limit the powers granted to an entity under any other law. In connection with the issuance of bonds authorized to be issued by any law or charter provision other than this chapter, a governmental unit determining to exercise any power under any of sections 475.54, 475.55, 475.553, 475.56, 475.561, 475.60, 475.61, 475.65, 475.66, 475.67, 475.69, 475.70, and 475.78 may do so notwithstanding any contrary provision in the authorizing law or charter unless the authorizing law or charter provides that this chapter or the specific section does not apply. This section is, in part, remedial in nature. Obligations issued prior to the effective date of this section are not invalid or unenforceable for providing terms, consequences, or remedies that are authorized by this section and chapter 475.

Sec. 32. Laws 1994, chapter 643, section 14, subdivision 6, is amended to read:

Subd. 6. Community Service Centers 1,200,000

For a grant to independent school district No. 432, Mahnomen, to construct a community service center at Nay-Tay-Waush in Mahnomen county on the White Earth Indian reservation. The center must be constructed on land leased to the school district by the White Earth Band of Chippewa Indians under a ground lease having an initial term of at least 20 years and a total term of at least 40 years, including renewal options. The school district must contract with the White Earth Band to operate the center on behalf of the school district for the term of the lease and any renewal options, and otherwise

subject to new Minnesota Statutes, section 16A.695. The center and all the services provided by the center must be open to the public. This grant is contingent on a match of $1,300,000 from the White Earth Band of Chippewa Indians.

Sec. 33. [REPEALER.]

Minnesota Statutes 1994, section 469.305, subdivision 2, is repealed.

Sec. 34. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public finance; providing conditions and requirements for the issuance of debt and use of the proceeds; authorizing use of capital improvement bonds for indoor ice arenas; exempting issuance of certain debt from election requirements; modifying loans to political subdivisions for fire or rescue purposes; authorizing operation of certain recreational facilities; authorizing continuing disclosure agreements; providing for funding of self-insurance by political subdivisions; providing for the issuance of temporary obligations and modifying issuance and lease procedures; renaming and modifying technical provisions relating to incentives in enterprise zones; amending Minnesota Statutes 1994, sections 373.40, subdivision 1; 447.46; 462C.05, subdivision 1; 465.73; 469.041; 469.060, subdivision 1; 469.102, subdivision 1; 469.305, subdivisions 1 and 3; 469.306; 469.307; 469.309; 469.31; 471.16, subdivision 1; 471.191, subdivisions 1 and 2; 471.98, subdivision 3; 471.981, subdivisions 2, 4a, 4b, and 4c; 475.51, subdivision 4; 475.52, subdivision 6; 475.58, subdivision 1, and by adding a subdivision; 475.60, by adding a subdivision; 475.61, by adding a subdivision; 475.63; and 475.79; Laws 1994, chapter 643, section 14, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 373; repealing Minnesota Statutes 1994, section 469.305, subdivision 2."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Lawrence J. Pogemiller, James P. Metzen, Dick Day

House Conferees: (Signed) Ann H. Rest, Bob Milbert, Ron Abrams

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1393 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1393 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 53 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Krentz	Novak	Runbeck
Beckman	Janezich	Kroening	Oliver	Sams
Belanger	Johnson, D.E.	Langseth	Olson	Samuelson
Bertram	Johnson, D.J.	Larson	Ourada	Scheevel
Betzold	Johnson, J.B.	Lesewski	Pappas	Solon
Chandler	Johnston	Lessard	Pariseau	Spear
Cohen	Kelly	Limmer	Piper	Stevens
Dille	Kiscaden	Metzen	Pogemiller	Terwilliger
Flynn	Kleis	Moe, R.D.	Reichgott Junge	Vickerman
Frederickson	Knutson	Mondale	Riveness	
Hanson	Kramer	Neuville	Robertson	

Those who voted in the negative were:

Berg	Finn	Merriam	Murphy	Price
Berglin	Marty	Morse		

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1678 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1678

A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; amending Minnesota Statutes 1994, sections 3.9741, subdivision 2; 5.14; 15.50, subdivision 2; 15.91, subdivision 2; 16B.39, by adding a subdivision; 16B.42, subdivision 3; 16B.88, subdivisions 1, 2, 3, and 4; 126A.01; 126A.02; 126A.04; 197.05; 240A.08; 309.501, by adding a subdivision; and 349A.08, subdivision 5; Laws 1993, chapter 224, article 12, section 33; proposing coding for new law in Minnesota Statutes, chapters 16B; and 43A.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1678, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1678 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [STATE GOVERNMENT APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1995," "1996," and "1997," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1995, June 30, 1996, or June 30, 1997, respectively.

SUMMARY BY FUND

	1995	1996	1997	BIENNIAL TOTAL
General	$790,000	$254,009,000	$254,050,000	$508,059,000
Local Government Trust		431,000		431,000
State Government Special Revenue		10,360,000	10,491,000	20,851,000
Environmental		208,000	208,000	416,000

Landfill Cleanup	75,000	75,000	150,000
Highway User	1,682,000	1,687,000	3,369,000
Trunk Highway	32,000	32,000	64,000
Workers' Compensation	4,171,000	4,176,000	8,347,000
Computer Services	626,000	626,000	1,252,000
TOTAL $790,000	$271,594,000	$271,345,000	$542,939,000

	APPROPRIATIONS Available for the Year Ending June 30 1996	1997
Sec. 2. LEGISLATURE		
Subdivision 1. Total Appropriation	47,776,000	50,296,000
Summary by Fund		
General 47,744,000	50,264,000	
Trunk Highway 32,000	32,000	
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
Subd. 2. Senate	15,422,000	16,163,000
Subd. 3. House of Representatives	20,833,000	22,943,000
Subd. 4. Legislative Coordinating Commission	11,521,000	11,190,000
Summary by Fund		
General 11,489,000	11,158,000	
Trunk Highway 32,000	32,000	

$4,062,000 the first year and $4,438,000 the second year are for the office of the revisor of statutes.

$945,000 the first year and $945,000 the second year are for the legislative reference library.

$4,400,000 the first year and $4,294,000 the second year are for the office of the legislative auditor.

$40,000 the first year of the appropriation to the legislative auditor is for the legislative auditor to evaluate the statewide systems project, if directed by the legislative audit commission. The legislative audit commission shall consider directing the legislative auditor to evaluate the computerized systems developed as part of the statewide systems project and determine the extent to which the systems have saved or are likely to save money in the administrative

functions of state government, and recommend ways the systems could be used to save money and increase the productivity of the administrative functions of state government. The legislative auditor should give particular but not exclusive attention to the systems' impacts on the administrative functions of smaller organizations in state government.

The legislative audit commission shall consider directing the legislative auditor to evaluate the administrative functions of the small state agencies and other small organizations in the executive branch of state government, such as boards and commissions, and recommend ways those functions could be provided more cost-effectively. The commission shall give special consideration to centralizing the human resources, management complement, and accounting functions of these small organizations. A report of the evaluation must be submitted to the commission by October 1, 1995.

The legislative audit commission is requested to consider directing the legislative auditor to conduct a full program evaluation of the department of human rights in calendar year 1995.

$20,000 the first year and $10,000 the second year are for the legislative coordinating commission to contract for needed services to ensure that sign language interpreter services are available at all times during the legislative sessions.

Subd. 5. Compensation Council

The salary increases recommended by the compensation council on April 1, 1995, for legislators, constitutional officers, and judges may not take effect unless ratified or approved as modified by another bill enacted by the 1995 legislature.

Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR	3,507,000	3,504,000

This appropriation is to fund the offices of the governor and lieutenant governor.

$19,000 the first year and $19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

$97,000 the first year and $97,000 the second year are for membership dues of the National Governors Association.

$20,000 the first year and $20,000 the second

year are for the Council of Great Lakes Governors.

The commissioner of finance shall report to the chairs of the state government finance division of the senate and the state government finance division of the house of representatives any personnel costs incurred by the office of the governor and the lieutenant governor that were supported by appropriations to other agencies during the previous fiscal year. The office of the governor shall inform the chairs of the divisions before initiating any interagency agreements.

Sec. 4. STATE AUDITOR	7,136,000	7,144,000
Sec. 5. STATE TREASURER	2,477,000	2,478,000

$1,600,000 the first year and $1,600,000 the second year are for the treasurer to pay for banking services by fees rather than by compensating balances.

Sec. 6. ATTORNEY GENERAL

Subdivision 1. Total Appropriation	24,408,000	22,499,000
Summary by Fund		
General	22,589,000	20,678,000
State Government Special Revenue	1,628,000	1,630,000
Environmental	116,000	116,000
Landfill Cleanup	75,000	75,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Government Services

4,358,000	4,371,000
Summary by Fund	
General	2,730,000	2,741,000
State Government Special Revenue	1,628,000	1,630,000

Subd. 3. Public and Human Resources

3,316,000	3,335,000
Summary by Fund	
General	3,241,000	3,260,000
Landfill Cleanup	75,000	75,000

Subd. 4. Law Enforcement

4,060,000	4,079,000
Summary by Fund	

General	3,944,000	3,963,000
Environmental	116,000	116,000

Subd. 5. Legal Policy and Administration

5,760,000	3,760,000

Subd. 6. Business Regulation

3,509,000	3,528,000

Subd. 7. Solicitor General

3,405,000	3,426,000

Sec. 7. ETHICAL PRACTICES BOARD	441,000	446,000
Sec. 8. INVESTMENT BOARD	2,092,000	2,093,000

$40,000 each year is for local relief association account management.

Sec. 9. ADMINISTRATIVE HEARINGS	3,946,000	3,826,000

This appropriation is from the workers' compensation special compensation fund for considering workers' compensation claims.

$100,000 the first year and $100,000 the second year are for an internship program in which students at Minnesota law schools will serve as law clerks for judges in the workers' compensation division.

$180,000 the first year and $180,000 the second year are for additional clerical support for workers' compensation judges.

$125,000 the first year is for a mapper board calendaring system.

Sec. 10. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING	3,943,000	3,917,000

$1,026,000 the first year and $1,027,000 the second year are for the land management information center.

Sec. 11. ADMINISTRATION

Subdivision 1. Total Appropriation	29,231,000	29,145,000

Summary by Fund

General	20,238,000	20,148,000
State Government Special Revenue	8,367,000	8,371,000
Computer Services	626,000	626,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Operations Management

3,358,000	3,323,000

The house and senate governmental operations committees shall study and report to the legislature by January 15, 1996, on the desirability of leasing versus purchasing state vehicles, and on maintenance costs for vehicles under the current system. If the study finds that it would be desirable, during the year ending June 30, 1997, the central motor pool shall not purchase any new vehicles and shall not sell any vehicles with less than 100,000 miles.

Subd. 3. Intertechnologies Group

7,778,000	7,768,000

Summary by Fund

General	727,000	717,000
State Government Special Revenue	6,425,000	6,425,000
Computer Services	626,000	626,000

The appropriation from the special revenue fund is for recurring costs of 911 emergency telephone service.

$100,000 the first year and $90,000 the second year are for transfer to the commissioner of human services to add an aging accounts payable module to the Medicaid management information system.

Subd. 4. Facilities Management

10,198,000	10,225,000

Summary by Fund

General	8,318,000	8,341,000
State Government Special Revenue	1,880,000	1,884,000

$4,850,000 the first year and $4,882,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

The appropriation from the special revenue fund is from building code surcharge receipts for operation of the building codes and standards division. In addition, building code surcharge and fee receipts of more than $2,900,000 the first year and $2,900,000 the second year are appropriated from the special revenue fund to the commissioner of administration for the building codes and standards division.

$150,000 the first year and $150,000 the second year from the special revenue fund is for transfer by the commissioner of finance to the general fund.

The commissioner shall review the Uniform

Code for Building Conservation, and report to the legislature by January 15, 1996, on legislation or rules needed to implement this code in a manner that is consistent with the state building code.

$20,000 the first year is to clean, refit, and rehabilitate the statue of Leif Erikson on the grounds of the state capitol.

Notwithstanding any law to the contrary, if the facility is accessible to disabled people, the Prairie Lakes Juvenile Detention Center need not install an elevator.

This appropriation includes money to pay increased rental costs incurred by the board of the arts.

Subd. 5. Administrative Management

2,211,000	2,216,000

Summary by Fund

General	2,149,000	2,154,000
State Government Special Revenue	62,000	62,000

$2,000 the first year and $2,000 the second year are for the state employees' band.

$62,000 each year to the commissioner of administration is to be used for processing and oversight of grants and allocations in the oil overcharge program. This appropriation is from oil overcharge money, as defined in Minnesota Statutes, section 4.071, in the special revenue fund.

The targeted group purchasing study required by Minnesota Statutes, section 16B.19, subdivision 2b, need not be completed during the biennium ending June 30, 1997.

Subd. 6. Information Policy Office

1,977,000	1,903,000

$25,000 the first year and $100,000 the second year for the government information access council is available only as matched, dollar for dollar, by contributions from nonstate sources.

The information policy office, with the advice of the attorney general, shall monitor all computer systems development projects conducted by state agencies to assure that full performance of contract requirements is achieved and that any remedies provided in such contracts for nonperformance or inadequate performance are fully pursued. The information policy office and the attorney general shall report to the legislature

by January 15, 1996, on performance of contract requirements related to large systems such as the statewide systems project, and Minnesota Medicaid Management Information System, and the information systems related to drivers' licenses.

Subd. 7. Management Analysis

565,000 566,000

Subd. 8. Public Broadcasting

3,054,000 3,054,000

$1,450,000 the first year and $1,450,000 the second year are for matching grants for public television. Public television grant recipients shall give special emphasis to children's programming. In addition, public television grant recipients shall promote program and outreach initiatives that attempt to reduce youth violence in our communities.

$600,000 the first year and $600,000 the second year are for public television equipment needs. Equipment grant allocations shall be made after considering the recommendations of the Minnesota public television association.

$320,000 the first year and $320,000 the second year are for community service grants to public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14.

$494,000 the first year and $494,000 the second year are for equipment grants to public radio stations. These grants must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations and Minnesota Public Radio, Inc.

$15,000 each year is for a grant to the association of Minnesota public education radio stations for station KMOJ. This money may be used for equipment.

$150,000 the first year and $150,000 the second year are for public information television transmission of legislative activities. At least one-half must go for programming to be broadcast in rural Minnesota.

$25,000 the first year and $25,000 the second year are for grants to the Twin Cities regional cable channel.

If an appropriation for either year for grants to public television or radio stations is not sufficient, the appropriation for the other year is available for it.

Subd. 9. Children's Museum

90,000 90,000

This appropriation is for a grant to the Minnesota Children's Museum.

Sec. 12. INTERGOVERNMENTAL INFORMATION SYSTEMS ADVISORY COUNCIL 186,000 187,000

These amounts must be subtracted from the amount that would otherwise be payable to local government aid under Minnesota Statutes, chapter 477A, in order to fund the intergovernmental information systems advisory council.

The appropriation for a local government financial reporting system in Laws 1994, chapter 587, article 3, section 3, clause (5), is available until expended.

Sec. 13. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD 358,000 262,000

$50,000 the first year is for predesign and design of a Minnesota Korean war veterans' memorial on the capitol grounds. This appropriation is available until expended. In creating the memorial, the board may accept money from nonstate sources. The board shall select a site for the memorial and conduct a selection process to award the contracts for design and construction of the memorial.

$50,000 the first year is to maintain the police and peace officers memorial on the capitol mall. This appropriation is available until spent.

The capitol area architectural and planning board shall provide a preliminary planning and programming report for a human development center in or near the capitol area of St. Paul. The planning and studies must be done in collaboration with the city of St. Paul foundations including, but not limited to, the Minnesota Education Foundation, the private sector, and appropriate state departments including, but not limited to, administration, health, education, and human services. The focus of the center will be on the development of the human person. The center is intended to serve as a research and demonstration center and will be the result of a partnership between the public and private sector. The board shall report the results of its studies to the governor and legislature no later than December 15, 1996.

Sec. 14. FINANCE

Subdivision 1. Total Appropriation 20,583,000 20,651,000

Summary by Fund

General	20,478,000	20,651,000
Local Government Trust	105,000	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Accounting Services

3,986,000	4,003,000

Subd. 3. Accounts Receivable Operations

4,327,000	3,577,000

$600,000 the first year is for modification and enhancement of the accounts receivable system.

The commissioner of finance may transfer money, as deemed necessary, to other state agencies participating in the accounts receivable project.

$175,000 the first year and $25,000 the second year are for the debt collection pilot program in article 5, section 16.

During the biennium ending June 30, 1997, to the extent feasible and cost-effective, any new jobs created in the debt collections entity must be located in a county in greater Minnesota that had a population loss of five percent or more between the 1980 and 1990 census.

Subd. 4. Budget Services

2,026,000	2,026,000

Summary by Fund

General	1,921,000	2,026,000
Local Government Trust	105,000	

Subd. 5. Economic Analysis

299,000	308,000

Subd. 6. Information Services

8,920,000	9,643,000

Subd. 7. Management Services

1,525,000	1,594,000

Subd. 8. General Reduction

(500,000)	(500,000)

The commissioner of finance shall make reductions of $1,000,000 from programs funded in this section. The reductions may be made in either year of the biennium.

If federal funding for programs is reduced or eliminated during the biennium ending June 30, 1997, the commissioner shall ensure to the extent possible that the costs of reducing or terminating the programs supported by those funds are paid by federal funds.

Sec. 15. EMPLOYEE RELATIONS

Subdivision 1. Total Appropriation	7,726,000	7,731,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Human Resources Management		
	6,894,000	6,899,000

$325,000 each year is for a one-time redesign of the state's human resources programs, processes and policies, including, but not limited to, improving the employee performance management process, recruitment and hiring, retraining and deployment capabilities, and classification of state positions.

$190,000 the first year and $185,000 the second year are to expand and target state workforce diversity efforts. These funds are to support expanded, dedicated functions serving protected groups in obtaining and retaining state employment, and secure greater opportunities for advancement within state employment ranks for under-represented groups. The commissioner must allocate these funds exclusively to the purposes described in the diversity-related budget initiative in the governor's proposed biennial budget for the department of employee relations for the biennium ending June 30, 1997. The 1996 and 1998 performance reports prepared by the commissioner under Minnesota Statutes, sections 15.90 to 15.92, must contain a separate section presenting the agency's activities and the outcomes attributable to implementation of the diversity functions expanded or improved pursuant to this appropriation. The commissioner of finance shall include these amounts when determining the base appropriation level for the department of employee relations for the biennium ending June 30, 1999.

Any unexpended balance on June 30, 1995, from the appropriations in Laws 1993, chapter 192, section 18, subdivision 2, for implementation of human resources management projects does not cancel but is available for expenditure in the 1996-1997 biennium.

This appropriation includes money for a grant each year to the government training service.

$75,000 the first year and $75,000 the second year are for the Minnesota quality college created by new Minnesota Statutes, section 43A.211.

In order to maximize delivery of services to the public, if layoffs of state employees as defined in Minnesota Statutes, chapter 43A, are necessary during the biennium ending June 30, 1997, each agency with more than 50 full-time equivalent employees must reduce at least the same percentage of management and supervisory personnel as line and support personnel.

If a state agency is to be abolished, the classified positions of the agency to be abolished with its incumbent employees shall be transferred as provided by Minnesota Statutes, section 15.039, subdivision 7. The commissioner of employee relations shall assist agencies and bargaining units to reach agreements that provide options to layoff for affected employees in accordance with Minnesota Statutes, section 43A.045, as interpreted by collective bargaining agreements.

State agencies must demonstrate that they cannot use available staff before hiring outside consultants or services. As state agencies implement reductions in their operating budgets in the biennium ending June 30, 1997, agencies shall give priority to reducing spending on professional and technical contracts before laying off permanent employees. Agencies must report on the specific manner in which this directive is implemented to the senate finance and house ways and means committees by February 1, 1996, and February 1, 1997. Where outside consultants and services are necessary, agencies are encouraged to negotiate contracts that will involve permanent staff so as to upgrade and maximize training of state personnel. Money spent on outside professional, technical, and computer service consultants must be reported by February 1, 1997, to the senate finance and house of representatives ways and means committees.

During the biennium ending June 30, 1997, no two federated funding campaigns that are related organizations, as defined in Minnesota Statutes, section 317A.011, subdivision 18, may be registered to participate in the state employee combined charitable campaign.

Subd. 3. Employee Insurance

832,000 832,000

$104,000 the first year and $104,000 the second year from the general fund are for the right-to-know contracts administered through the employee insurance division.

$728,000 the first year and $728,000 the second year from the general fund are for workers' compensation reinsurance premiums. If the appropriation for either year is insufficient, the appropriation for the other year is available.

The commissioner of finance shall transfer in the second year of the biennium $2,000,000 from the public employees' insurance program account within the employee benefits internal service fund to the general fund.

During the biennium ending June 30, 1997, the commissioner shall continue the health promotion and disease prevention program for state employees initiated in fiscal year 1994.

Sec. 16. REVENUE

Subdivision 1. Total Appropriation	75,904,000	74,975,000
Summary by Fund		
General	73,804,000	73,196,000
Local Government Trust	326,000	
Highway User	1,682,000	1,687,000
Environmental	92,000	92,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Income Tax

12,802,000	11,502,000

$1,300,000 in fiscal year 1996 is for payment of overtime to experienced corporate audit staff to complete processing of bank refund claims, and to add temporary positions to perform duties of personnel who have been diverted to other duties associated with bank refund claims. Expenditures and collections associated with this appropriation must be reported separately. This amount is available until June 30, 1997, and must not be included in the budget base for the biennium ending June 30, 1999.

Subd. 3. Sales and Special Taxes

13,200,000	13,205,000
Summary by Fund	
General	11,347,000	11,426,000
Local Government Trust	79,000	-0-

Highway User	1,682,000	1,687,000
Environmental	92,000	92,000

Subd. 4. Property Tax and State Aids

2,880,000	2,880,000

Summary by Fund

General	2,855,000	2,880,000
Local Government Trust	25,000	-0-

$75,000 the first year and $75,000 the second year must be subtracted from the total taconite production tax revenues distributed to local units of government. These amounts shall be credited to the general fund and appropriated to the department of revenue for the costs and expenses incurred by the department in collecting and distributing taconite production tax revenues.

Subd. 5. Tax Operations

32,213,000	32,213,000

Summary by Fund

General	32,030,000	32,213,000
Local Government Trust	183,000	-0-

During the biennium ending June 30, 1997, the commissioner shall not spend more money to enforce the unfair cigarette sales laws than the revenue derived from fees imposed under the law.

Subd. 6. Legal and Research

3,728,000	3,728,000

Summary by Fund

General	3,689,000	3,728,000
Local Government Trust	39,000	-0-

Subd. 7. Administrative Support

11,431,000	11,847,000

Subd. 8. General Reduction

(350,000)	(400,000)

The commissioner shall allocate the general reduction among the department's programs.

Sec. 17. AMATEUR SPORTS COMMISSION	1,938,000	1,942,000

(a) $45,000 each year is for the following purposes:

(1) Target Center programming; and

(2) development of more amateur sports opportunities for women, girls, seniors, inner-city youth, and athletes with special needs.

The amateur sports commission must work with staff of the city of Minneapolis and the metropolitan sports facilities commission to: research Minnesota's capabilities to attract local, national, and international amateur events; meet with appropriate national amateur sports governing bodies and Olympic officials on a regular basis; and create new grassroots events; all of which will have a favorable economic impact on the state.

(b) Of this appropriation:

(1) $1,226,000 the first year and $1,227,000 the second year are for grants for ice centers, under Minnesota Statutes, section 240A.09, of up to $250,000 each;

(2) $200,000 each year is for renovation grants for existing ice arenas; and

(3) $11,000 each year is for ice arena technical assistance.

Sec. 18. HUMAN RIGHTS

Subdivision 1. Total Appropriation	3,446,000	3,263,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Contract Compliance	370,000	370,000
Subd. 3. Complaint Processing	2,214,000	2,220,000
Subd. 4. Management Services	862,000	673,000

Sec. 19. MILITARY AFFAIRS

Subdivision 1. Total Appropriation	9,337,000	9,416,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Maintenance of Training Facilities	5,431,000	5,497,000

The appropriation for planning and remodeling grants for 12 armories scheduled to be sold or disposed of pursuant to Laws 1992, chapter 511, article 2, section 50, is available until June 30, 1997.

Any unexpended and unencumbered appropriation for the biennium ending June 30, 1995, for the tuition reimbursement program does not cancel, but is carried forward and may be used to pay assessments due to the cities of New Brighton, Montevideo, Park Rapids, and Rosemount.

Subd. 3. General Support

1,555,000 1,568,000

$75,000 the first year and $75,000 the second year are for expenses of military forces ordered to active duty under Minnesota Statutes, chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 4. Enlistment Incentives

2,351,000 2,351,000

Obligations for the reenlistment bonus program, suspended on December 31, 1991, shall be paid from the amounts available within the enlistment incentives program.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 20. VETERANS AFFAIRS 3,832,000 3,820,000

$230,000 the first year and $230,000 the second year are for grants to county veterans offices for training of county veterans service officers.

$1,544,000 the first year and $1,544,000 the second year are for emergency financial and medical needs of veterans. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

With the approval of the commissioner of finance, the commissioner of veterans affairs may transfer the unencumbered balance from the veterans relief program to other department programs during the fiscal year. The commissioner of veterans affairs shall provide background information explaining why the unencumbered balance exists. The amounts transferred must be identified to the chairs of the senate finance committee division on state government and the house governmental operations and gambling committee division on state government finance.

$250,000 the first year and $250,000 the second year are for a grant to the Vinland National Center.

$16,200 is to be used to make a contribution toward the women in military service memorial at the entrance to Arlington National Cemetery.

$30,000 is to fund a program of the Minnesota state council of the Vietnam Veterans of America to assist Vietnam veterans and Vietnam-era veterans in the preparation and presentation of their claims to the United States government for compensation and other benefits to which they are entitled as a result of disabilities incurred in military service. This appropriation may not be used for membership recruitment. This appropriation is available until June 30, 1997.

Sec. 21. VETERANS OF FOREIGN WARS	41,000	41,000
For carrying out the provisions of Laws 1945, chapter 455.		
Sec. 22. MILITARY ORDER OF THE PURPLE HEART	20,000	20,000
Sec. 23. DISABLED AMERICAN VETERANS	12,000	12,000
For carrying out the provisions of Laws 1941, chapter 425.		
Sec. 24. LAWFUL GAMBLING CONTROL	2,081,000	2,039,000

If the amount of unclaimed prize money in the lottery prize fund during fiscal year 1996 exceeds $5,000,000, 60 percent of the excess that is not added to prize pools of subsequent games is appropriated in fiscal year 1997 to the gambling control board for information systems. The amount appropriated under this paragraph may not exceed $650,000.

Sec. 25. RACING COMMISSION	370,000	370,000
Sec. 26. STATE LOTTERY		

The director of the state lottery shall reimburse the general fund $150,000 the first year and $150,000 the second year for lottery-related costs incurred by the department of public safety.

The director of the state lottery shall reimburse the general fund $540,000 the first year and $540,000 the second year for amounts appropriated from the general fund to the commissioner of human services for compulsive gambling hotline services, outpatient treatment services, felony screening, and compulsive gambling youth education.

Sec. 27. GENERAL CONTINGENT ACCOUNTS	500,000	500,000

Summary by Fund

General	150,000	150,000
State Government Special Revenue	250,000	250,000
Workers' Compensation	100,000	100,000

The appropriations in this section must be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

The special revenue appropriation is available to be transferred to the attorney general when the costs to provide legal services to the health boards exceed the biennial appropriation to the attorney general from the special revenue fund. The boards receiving the additional services shall set their fees to cover the costs.

Sec. 28. TORT CLAIMS 300,000 275,000

To be spent by the commissioner of finance.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 29. MINNESOTA STATE RETIREMENT SYSTEM 2,158,000 2,158,000

The amounts estimated to be needed for each program are as follows:

(a) Legislators

1,993,000 1,993,000

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

(b) Constitutional Officers

165,000 165,000

Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 30. MINNEAPOLIS EMPLOYEES RETIREMENT FUND 11,005,000 11,005,000

$10,455,000 the first year and $10,455,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund under Minnesota Statutes, section 422A.101, subdivision 3. Payment must

be made in four equal installments, March 15, July 15, September 15, and November 15, each year.

$550,000 the first year and $550,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund for the supplemental benefit for pre-1973 retirees under Minnesota Statutes, section 356.865.

Sec. 31. POLICE AND FIRE AMORTIZATION AID — 6,420,000 — 6,420,000

$5,020,000 the first year and $5,020,000 the second year are to the commissioner of revenue for state aid to amortize the unfunded liability of local police and salaried firefighters' relief associations, under Minnesota Statutes, section 423A.02.

$1,000,000 the first year and $1,000,000 the second year are to the commissioner of revenue for supplemental state aid to amortize the unfunded liability of local police and salaried firefighters' relief associations under Minnesota Statutes, section 423A.02, subdivision 1a.

$400,000 the first year and $400,000 the second year are to the commissioner of revenue to pay reimbursements to relief associations for firefighter supplemental benefits paid under Minnesota Statutes, section 424A.10.

Sec. 32. SMALL AGENCY SUPPLEMENT — 420,000 — 910,000

Summary by Fund

General	180,000	420,000
State Government Special Revenue	115,000	240,000
Workers' Compensation	125,000	250,000

This appropriation is available in either year of the biennium. During the biennium the commissioner shall transfer the necessary dollars to the small agency accounts, as determined by the commissioner of finance, to cover the costs of the collective bargaining agreement.

The commissioner shall report to the chair of the ways and means committee of the house of representatives and the chair of the finance committee of the senate on the transfers made under these provisions.

Sec. 33. SALARY SUPPLEMENT

The commissioner of finance, in conjunction with the commissioner of employee relations

may transfer dollars from unallocated balances within each of the following funds to individual agencies to cover the cost of collective bargaining agreements governing employees whose salaries are paid from those funds: state government special revenue, health care access, trunk highway, highway user, state airport, game and fish, natural resources, workers' compensation special, environmental, and special revenue. The amounts necessary for these transfers are appropriated from each fund. The amount appropriated from each fund must be used only to pay an increase from that fund in the same percentage that each employee's compensation is paid from that fund.

The commissioner of finance shall report to the chair of the ways and means committee of the house of representatives and the chair of the finance committee of the senate by December 31, 1995, on the transfers made under these provisions.

Sec. 34. ATTORNEY GENERAL; MILLE LACS TREATY LITIGATION

$790,000 in fiscal year 1995 is added to the appropriation in Laws 1993, chapter 192, section 11, subdivision 3, for the unanticipated expenses of the Mille Lacs and Fond du Lac treaty litigation efforts.

Sec. 35. [3.225] [PROFESSIONAL AND TECHNICAL SERVICE CONTRACTS.]

Subdivision 1. [APPLICATION.] This section applies to a contract for professional or technical services entered into by the house of representatives, the senate, the legislative coordinating commission, or any group under the jurisdiction of the legislative coordinating commission. For purposes of this section, "professional or technical services" contract has the meaning defined in section 16B.17.

Subd. 2. [REQUIREMENTS FOR ALL CONTRACTS.] Before entering into a contract for professional or technical services, the contracting entity must determine that:

(1) all provisions of section 16B.19, subdivision 2, have been verified or complied with;

(2) the work to be performed under the contract is necessary to the entity's achievement of its responsibilities;

(3) the contract will not establish an employment relationship between the state or the entity and any persons performing under the contract;

(4) no current legislative employees will engage in the performance of the contract;

(5) no state agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract;

(6) the contracting entity has specified a satisfactory method of evaluating and using the results of the work to be performed; and

(7) the combined contract and amendments will not extend for more than five years.

Subd. 3. [CONTRACTS OVER $5,000.] Before an entity may seek to enter into a professional or technical services contract valued in excess of $5,000, it must determine that:

(1) no current legislative employee is able and available to perform the services called for by the contract;

(2) reasonable efforts were made to publicize the availability of the contract to the public;

(3) the entity has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract; and

(4) the entity has developed, and fully intends to implement, a written plan providing for: the assignment of personnel to a monitoring and liaison function; the periodic review of interim reports or other indications of past performance; and the ultimate utilization of the final product of the services.

Subd. 4. [RENEWALS.] The renewal of a professional or technical service contract must comply with all requirements, including notice, applicable to the original contract. A renewal contract must be identified as such. All notices and reports on a renewal contract must state the date of the original contract and the amount previously paid under the contract.

Subd. 5. [REPORTS.] (a) The house of representatives, the senate, and the legislative coordinating commission shall submit to the legislative reference library a monthly listing of all contracts for professional or technical services executed in the preceding month. The report must identify the parties and the contract amount, duration, and tasks to be performed.

(b) The monthly report must:

(1) be sorted by contracting entity and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

(3) distinguish between contracts that are being issued for the first time and contracts that are being renewed;

(4) state the termination date of each contract; and

(5) categorize contracts according to subject matter, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) Within 30 days of final completion of a contract over $40,000 covered by this subdivision, the chief executive of the entity entering into the contract must file a one-page performance report with the legislative reference library. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract;

(2) state the amount spent on the contract; and

(3) explain why this amount was a cost-effective way to enable the entity to provide its services or products better or more efficiently.

Subd. 6. [CONTRACT TERMS.] (a) A professional or technical services contract must by its terms permit the contracting entity to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the entity determines that further performance under the contract would not serve entity purposes. If the final product of the contract is a written report, a copy must be filed with the legislative reference library.

(b) The terms of a contract must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the person entering into the contract on behalf of the contracting entity, and that person has certified that the contractor has satisfactorily fulfilled the terms of the contract.

Sec. 36. Minnesota Statutes 1994, section 3.85, subdivision 12, is amended to read:

Subd. 12. [ALLOCATION OF ACTUARIAL COST.] (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), ~~for a portion of~~ the compensation paid

to the actuary retained by the commission for the actuarial valuation calculations and quadrennial experience studies. The assessment is ~~72~~ 100 percent of the amount of contract compensation for the actuarial consulting firm retained by the commission for actuarial valuation calculations, including the public employees police and fire plan consolidation accounts of the public employees retirement association, annual experience data collection and processing, and quadrennial experience studies.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), must pay the following indexed amount based on its total active, deferred, inactive, and benefit recipient membership:

up to 2,000 members, inclusive	$2.55 per member
2,001 through 10,000 members	$1.13 per member
over 10,000 members	$0.11 per member

The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.

(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:

(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11).

(ii) 62.13 percent is the total additional per-pension plan charge, of which one-thirteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (13), if there are not any participants in the plan specified in subdivision 11, paragraph (b), clause (14), or of which one-fourteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), if there are participants in the plan specified in subdivision 11, paragraph (b), clause (14).

(b) The assessment must be made following the completion of the actuarial valuation calculations and the experience analysis. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments must be deposited in the state treasury and credited to the general fund.

Sec. 37. Minnesota Statutes 1994, section 3.9741, subdivision 2, as amended by Laws 1995, chapter 212, article 4, section 1, is amended to read:

Subd. 2. [POST-SECONDARY EDUCATION BOARD.] The legislative auditor may enter into an interagency agreement with the board of trustees of the Minnesota state colleges and universities to conduct financial audits, in addition to audits conducted under section 3.972, subdivision 2. All payments received for audits requested by the board shall be ~~paid~~ added to the appropriation for the legislative ~~auditor's account and need not be deposited in the general fund~~ auditor.

Sec. 38. Minnesota Statutes 1994, section 3C.02, is amended by adding a subdivision to read:

Subd. 6. A contract for professional or technical services that is valued at more than $50,000 may be made only after the revisor has consulted with the legislative coordinating commission. The contract is subject to its recommendation as provided by section 3C.10, subdivision 3, for a printing contract.

Sec. 39. Minnesota Statutes 1994, section 7.09, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE.] The state treasurer is authorized to receive and accept, on behalf of the state, any gift, bequest, devise, or endowment which may be made by any person, by will, deed, gift, or otherwise, to or for the benefit of the state, or any of its departments or agencies, or to or in aid, or for the benefit, support, or maintenance of any educational, charitable, or other institution maintained in whole or in part by the state, or for the benefit of students, employees, or inmates thereof, or for any proper state purpose or function, and the money, property, or funds constituting such gift, bequest, devise, or endowment. No such gift, bequest, devise, or endowment whose value is equal to or exceeds $10,000 shall be so accepted unless the commissioner of finance and the state treasurer ~~shall~~ determine that it is for the interest of the state to accept it, and ~~shall~~ approve of and direct the acceptance. If the value is less than $10,000, only the state treasurer need determine that it is for the interest of the state to accept it, and approve of and direct the acceptance. When, in order to effect the purpose for which any gift, bequest, devise, or endowment has been accepted, it is necessary to sell property so received, the state treasurer, upon request of the authority in charge of the agency, department, or institution concerned, may sell it at a price which shall be fixed by the state board of investment.

Sec. 40. Minnesota Statutes 1994, section 15.061, is amended to read:

15.061 [~~CONSULTANT,~~ PROFESSIONAL ~~AND~~ OR TECHNICAL SERVICES.]

~~Pursuant to the provisions of~~ In accordance with section 16B.17, the head of a state department or agency may, with the approval of the commissioner of administration, contract for ~~consultant services and~~ professional ~~and~~ or technical services in connection with the operation of the department or agency. A contract negotiated under this section ~~shall~~ is not ~~be~~ subject to the competitive bidding requirements of chapter ~~16~~ 16B.

Sec. 41. Minnesota Statutes 1994, section 15.415, is amended to read:

15.415 [CORRECTIONS IN TRANSACTIONS, WAIVER.]

In any instance where a correction concerning any state department or agency transaction involves an amount less than the administrative cost of making the correction, the correction shall be waived unless it is possible at a relatively nominal expense to include the correction in a later transaction. If the amount of any correction is less than ~~$2~~ $5 it shall be prima facie evidence that the cost of the correction would exceed the amount involved.

Sec. 42. Minnesota Statutes 1994, section 15.50, subdivision 2, is amended to read:

Subd. 2. [CAPITOL AREA PLAN.] (a) The board shall prepare, prescribe, and from time to time, after a public hearing, amend a comprehensive use plan for the capitol area, called the area in this subdivision, which consists of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the center line of the Arch-Pennsylvania freeway and the center line of Marion Street, thence southerly along the center line of Marion Street extended to a point 50 feet south of the south line of Concordia Avenue, thence southeasterly along a line extending 50 feet from the south line of Concordia Avenue to a point 125 feet from the west line of John Ireland Boulevard, thence southwesterly along a line extending 125 feet from the west line of John Ireland Boulevard to the south line of Dayton Avenue, thence northeasterly from the south line of Dayton Avenue to the west line of John Ireland Boulevard, thence northeasterly to the center line of the intersection of Old Kellogg Boulevard and Summit Avenue, thence northeasterly along the center line of Summit Avenue to the center line of the new West Kellogg Boulevard, thence southerly along the east line of the new West Kellogg Boulevard, to the center line of West Seventh Street, thence northeasterly along the center line of West Seventh Street to the center line of the Fifth Street ramp, thence northwesterly along the center line of the Fifth Street ramp to the east line of the right-of-way of Interstate Highway 35-E, thence northeasterly along the east line of the right-of-way of Interstate Highway 35-E to the south line of the right-of-way of Interstate Highway 94, thence easterly along the south line of the right-of-way of Interstate Highway 94 to the west line of St. Peter Street, thence southerly to the south line of ~~Eleventh~~ Exchange Street, thence easterly along the south line of ~~Eleventh~~ Exchange Street to the west line of Cedar Street, thence ~~southeasterly~~ northerly along the west line of Cedar Street to the center line of Tenth Street, thence northeasterly along the center

line of Tenth Street to the center line of Minnesota Street, thence northwesterly along the center line of Minnesota Street to the center line of Eleventh Street, thence northeasterly along the center line of Eleventh Street to the center line of Jackson Street, thence northwesterly along the center line of Jackson Street to the center line of the Arch-Pennsylvania freeway extended, thence westerly along the center line of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin. If construction of the labor interpretive center does not commence prior to December 31, ~~1998~~ 2000, at the site recommended by the board, the boundaries of the capitol area revert to their configuration as of 1992.

Under the comprehensive plan, or a portion of it, the board may regulate, by means of zoning rules adopted under the administrative procedure act, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. To protect and enhance the dignity, beauty, and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area significantly affecting the dignity, beauty, and architectural integrity of the area. No person may undertake these construction activities as defined in the board's rules in the capitol area without first submitting construction plans to the board, obtaining a zoning permit from the board, and receiving a written certification from the board specifying that the person has complied with all design review procedures and standards. Violation of the zoning rules is a misdemeanor. The board may, at its option, proceed to abate any violation by injunction. The board and the city of Saint Paul shall cooperate in assuring that the area adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. The commissioner shall make studies and report the results to the board when it requests reports for its planning purpose.

(c) No public building, street, parking lot, or monument, or other construction may be built or altered on any public lands within the area unless the plans for the project conform to the comprehensive use plan as specified in paragraph (d) and to the requirement for competitive plans as specified in paragraph (e). No alteration substantially changing the external appearance of any existing public building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under paragraph (e) may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan must show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas, open spaces, monuments, and other memorials; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement may be made to public lands or buildings in the area without the written approval of the board.

(e) The board shall secure by competitions plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition that may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. A competition must be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected become the property of the state of Minnesota, and the board may award one or more premiums in each competition and may pay the costs and fees that may be required for its conduct. At the option of the board, plans for projects estimated to cost less than $1,000,000 may be approved without competition provided the plans have been considered by the advisory committee described in paragraph (h). Plans for projects estimated to cost less than $400,000 and for construction of streets need not be considered by the advisory committee if in conformity with the comprehensive plan.

(f) Notwithstanding paragraph (e), an architectural competition is not required for the design of

any light rail transit station and alignment within the capitol area. The board and its advisory committee shall select a preliminary design for any transit station in the capitol area. Each stage of any station's design through working drawings must be reviewed by the board's advisory committee and approved by the board to ensure that the station's design is compatible with the comprehensive plan for the capitol area and the board's design criteria. The guideway and track design of any light rail transit alignment within the capitol area must also be reviewed by the board's advisory committee and approved by the board.

(g) Of the amount available for the light rail transit design, adequate funds must be available to the board for design framework studies and review of preliminary plans for light rail transit alignment and stations in the capitol area.

(h) The board may not adopt any plan under paragraph (e) unless it first receives the comments and criticism of an advisory committee of three persons, each of whom is either an architect or a planner, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by the Minnesota Society of the American Institute of Architects. Members of the committee may not be contestants under paragraph (e). The comments and criticism must be a matter of public information. The committee shall advise the board on all architectural and planning matters. For that purpose, the committee must be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the data are developed or in the process of preparation, whether by the commissioner of administration, the commissioner of trade and economic development, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area, and a copy of any data prepared by any public employee or agency must be filed with the board promptly upon completion.

The board may employ stenographic or technical help that may be reasonable to assist the committee to perform its duties.

When so directed by the board, the committee may serve as, and any member or members of the committee may serve on, the jury or as professional advisor for any architectural competition, and the board shall select the architectural advisor and jurors for any competition with the advice of the committee.

The city of Saint Paul shall advise the board.

(i) The comprehensive plan for the area must be developed and maintained in close cooperation with the commissioner of trade and economic development, the planning department and the council for the city of Saint Paul, and the board of the arts, and no plan or amendment of a plan may be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts and without a public hearing with opportunity for public testimony.

(j) The board and the commissioner of administration, jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance, and cleanliness of the public and ceremonial areas of the state capitol building. The board shall consult with and receive advice from the director of the Minnesota state historical society regarding the historic fidelity of plans for the capitol building. The standards and policies developed under this paragraph are binding upon the commissioner of administration. The provisions of sections 14.02, 14.04 to 14.36, 14.38, and 14.44 to 14.45 do not apply to this paragraph.

(k) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for the program. The board shall report any changes to the comprehensive plan adopted by the board to the committee on governmental operations and gambling of the house of representatives and the committee on governmental operations and reform of the senate and upon request shall provide testimony concerning the changes. The board shall also provide testimony to the legislature on proposals for memorials in the capitol area as to their compatibility with the standards, policies, and objectives of the comprehensive plan.

(l) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase, or eminent domain proceedings any real property situated in the area described in this section, and it may also acquire an interest less than a fee simple interest in the property, if it finds that the property is needed for future expansion or beautification of the area.

(m) The board is the successor of the state veterans service building commission, and as such may adopt rules and may reenact the rules adopted by its predecessor under Laws 1945, chapter 315, and amendments to it.

(n) The board shall meet at the call of the chair and at such other times as it may prescribe.

(o) The commissioner of administration shall assign quarters in the state veterans service building to (1) the department of veterans affairs, of which a part that the commissioner of administration and commissioner of veterans affairs may mutually determine must be on the first floor above the ground, and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, and Veterans of World War I, and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes available, to other state departments and agencies as the commissioner may deem desirable.

Sec. 43. Minnesota Statutes 1994, section 15.91, subdivision 2, is amended to read:

Subd. 2. [PERFORMANCE REPORTS.] ~~(a) Each agency shall develop a performance report for the major programs that it provides or administers. The report shall include each of the following items or an explanation of why an item does not apply to the agency or its individual programs:~~

~~(1) a statement of the mission, goals, and objectives of the agency including those set forth in statute;~~

~~(2) measures of the output and outcome of the program;~~

~~(3) identification of priority and other populations served by the programs under current law and how those populations are expected to change within the period of the report;~~

~~(4) plans for how outcome information can be used as an incentive for improving state programs and program outcomes;~~

~~(5) requests for statutory flexibility needed to reach outcome goals;~~

~~(6) proposals and cost estimates for collecting new outcome information; and~~

~~(7) other information that may be required to explain the past and projected performance of state programs.~~

~~The objectives required under clause (1): (i) must be simple declarative statements of intent; (ii) should carry benchmarks for accomplishment; and (iii) should be specific enough so citizens can measure progress year to year.~~

~~(b) Each agency shall issue a first annual report by September 1, 1994, and annual updated reports no later than September 1 of each year beginning in 1995. A report must cover a period of four years previous and two years in the future from the date that it is required to be issued, including previous forecasts versus actual measures.~~

~~(c) Each agency shall send a copy of each report issued to the governor, the speaker of the house of representatives, the president of the senate, the legislative commission on planning and fiscal policy, the legislative auditor, the commissioner of finance, and two copies to the legislative reference library.~~

~~(d) The legislative auditor shall review the drafts and give comments to agencies and the legislature before September 1, 1994, and shall review and give comments on annual reports on a rotating biennial schedule.~~

~~(e) State agency reports shall be compiled as required in this paragraph. The commissioner of finance, in consultation with the commissioner of administration, the legislative commission on planning and fiscal policy, and the finance committees and divisions of the house of representatives and senate, shall:~~

~~(1) develop forms and instructions and coordinate training for the use of the agencies in the preparation of their reports;~~

~~(2) work with individual agencies to determine acceptable measures of staff workload, unit costs, output, and outcome for use in reports; and~~

~~(3) request any needed additional information concerning any agency report submitted.~~

~~Each agency shall include citizens, agency clients, consumer and advocacy groups, worker participation committees, managers, elected officials, and contractors in its planning.~~ By November 1 of each even-numbered year, each agency shall issue a performance report that includes the following:

(1) the agency's mission;

(2) goals and objectives for each major program for which the agency will request funding in its next biennial budget;

(3) identification of the populations served by the programs; and

(4) workload, efficiency, output, and outcome measures for each program listed in the report, with data showing each programs' actual performance relative to these measures for the previous four fiscal years and the performance the agency projects it will achieve during the next two fiscal years with the level of funding it has requested.

If it would enhance an understanding of its mission, programs, and performance, the agency shall include in its report information that describes the broader economic, social, and physical environment in which the agency's programs are administered.

Each agency shall send a copy of its performance report to the speaker of the house, president of the senate, legislative auditor, and legislative reference library, and provide a copy to others upon request.

The commissioner of finance shall ensure that performance reports are complete, accurate, and reliable and compiled in such a way that they are useful to the public, legislators, and managers in state government. To maintain a computerized performance data system, the commissioner of finance may require agencies to provide performance data annually.

The legislative auditor shall review and comment on performance reports as provided for by section 3.971, subdivision 3.

Sec. 44. [16A.101] [SERVICE CONTRACTS.]

The state accounting system must list expenditures for professional and technical service contracts, as defined in section 16B.17, as a separate category. No other expenditures may be included in this category.

Sec. 45. Minnesota Statutes 1994, section 16A.11, is amended by adding a subdivision to read:

Subd. 3b. [CONTRACTS.] The detailed budget estimate must also include the following information on professional or technical services contracts:

(1) the number and amount of contracts over $40,000 for each agency for the past biennium;

(2) the anticipated number and amount of contracts over $40,000 for each agency for the upcoming biennium; and

(3) the total value of all contracts from the previous biennium, and the anticipated total value of all contracts for the upcoming biennium.

Sec. 46. Minnesota Statutes 1994, section 16A.127, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] (a) No statewide or agency indirect cost liability shall be accrued to any program, appropriation, or account that is specifically exempted from the liability in federal or state law, or if the commissioner determines the funds to be held in trust, or to be a pass-through, workshop, or seminar account. Accounts receiving proceeds from bond issues~~,~~ and ~~those accounts whose funds are determined by the commissioner to originate from the~~ general fund~~,~~ accounts are also exempt from this section.

(b) Except for the costs of the legislative auditor to conduct financial audits of federal funds, this section does not apply to the community college board, state university board, or the state board of technical colleges. Receipts attributable to financial audits conducted by the legislative auditor of federal funds administered by these post-secondary education boards shall be deposited in the general fund.

Sec. 47. Minnesota Statutes 1994, section 16A.129, subdivision 3, is amended to read:

Subd. 3. [CASH ADVANCES.] When the operations of any nongeneral fund account would be impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may ~~transfer~~ use general fund cash reserves ~~into the accounts as necessary~~ to meet cash demands. If funds are transferred from the general fund to meet cash flow needs, the cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not to the accounts or funds to which the transfer was made.

Sec. 48. Minnesota Statutes 1994, section 16A.28, subdivision 5, is amended to read:

Subd. 5. [PERMANENT IMPROVEMENTS.] An appropriation for permanent improvements, including the acquisition of real property does not lapse until the purposes of the appropriation are determined by the commissioner, after consultation with the affected agencies, to be accomplished or abandoned. This subdivision also applies to any part of an appropriation for a fiscal year that has been requisitioned to acquire real property or construct permanent improvements.

Sec. 49. Minnesota Statutes 1994, section 16A.28, subdivision 6, is amended to read:

Subd. 6. [CANCELED ~~SEPTEMBER 1~~ OCTOBER 15.] On ~~September 1~~ October 15 all allotments and encumbrances for the last fiscal year shall be canceled unless an agency head certifies to the commissioner that there is an encumbrance for services rendered or goods ordered in the last fiscal year, or certifies that funding will be carried forward under subdivision 1. The commissioner may: reinstate the part of the cancellation needed to meet the certified encumbrance or charge the certified encumbrance against the current year's appropriation.

Sec. 50. Minnesota Statutes 1994, section 16A.40, is amended to read:

16A.40 [WARRANTS.]

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a warrant register, the number, amount, date, and payee for every warrant issued.

Sec. 51. Minnesota Statutes 1994, section 16A.57, is amended to read:

16A.57 [APPROPRIATION, ALLOTMENT, AND WARRANT NEEDED.]

Unless otherwise expressly provided by law, state money may not be spent or applied without an appropriation, an allotment, and issuance of a warrant or electronic fund transfer.

Sec. 52. Minnesota Statutes 1994, section 16B.06, is amended by adding a subdivision to read:

Subd. 7. [COMPLIANCE.] The commissioner must develop procedures to audit agency

personnel to whom the commissioner has delegated contracting authority, in order to ensure compliance with laws and guidelines governing issuance of contracts, including laws and guidelines governing conflicts of interest.

Sec. 53. [16B.167] [EMPLOYEE SKILLS INVENTORY.]

The commissioners of employee relations and administration shall develop a list of skills that state agencies commonly seek from professional or technical service contracts, in consultation with exclusive representatives of state employees.

Before an agency may seek approval of a professional or technical services contract valued in excess of $25,000, it must certify to the commissioner that it has publicized the contract by posting notice at appropriate worksites within agencies and has made reasonable efforts to determine that no state employee, including an employee outside the contracting agency, is able and available to perform the services called for by the contract. When possible this posting must be done electronically.

Sec. 54. Minnesota Statutes 1994, section 16B.17, is amended to read:

16B.17 [~~CONSULTANTS AND~~ PROFESSIONAL OR TECHNICAL SERVICES.]

Subdivision 1. [TERMS.] For the purposes of this section, ~~the following terms have the meanings given them:~~

~~(a) [CONSULTANT SERVICES.]~~ "~~Consultant~~ professional or technical services" means services ~~which~~ that are intellectual in character; ~~which~~ that do not involve the provision of supplies or materials; ~~which~~ that include consultation analysis, evaluation, prediction, planning, or recommendation; and ~~which~~ that result in the production of a report or the completion of a task.

~~(b) [PROFESSIONAL AND TECHNICAL SERVICES.] "Professional and technical services" means services which are predominantly intellectual in character; which do not involve the provision of supplies or materials; and in which the final result is the completion of a task rather than analysis, evaluation, prediction, planning, or recommendation.~~

Subd. 2. [PROCEDURE FOR ~~CONSULTANT AND~~ PROFESSIONAL ~~AND~~ OR TECHNICAL SERVICES CONTRACTS.] Before approving a proposed state contract for ~~consultant services or~~ professional ~~and~~ or technical services, the commissioner must determine, at least, that:

(1) all provisions of section 16B.19 and subdivision 3 of this section have been verified or complied with;

(2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities, and there is statutory authority to enter into the contract;

(3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;

(4) no current state employees will engage in the performance of the contract;

(5) no state agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract; ~~and~~

(6) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and

(7) the combined contract and amendments will not extend for more than five years.

Subd. 3. [DUTIES OF CONTRACTING AGENCY.] Before an agency may seek approval of a ~~consultant or~~ professional ~~and~~ or technical services contract valued in excess of $5,000, it must certify to the commissioner that:

(1) no current state employee is able and available to perform the services called for by the contract;

(2) the normal competitive bidding mechanisms will not provide for adequate performance of the services;

(3) ~~the services are not available as a product of a prior consultant or professional and technical services contract, and~~ the contractor has certified that the product of the services will be original in character;

(4) reasonable efforts were made to publicize the availability of the contract to the public;

(5) the agency has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract; ~~and~~

(6) the agency has developed, and fully intends to implement, a written plan providing for the assignment of specific agency personnel to a monitoring and liaison function;, the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services; and

(7) the agency will not allow the contractor to begin work before funds are fully encumbered.

Subd. 3a. [RENEWALS.] The renewal of a professional or technical contract must comply with all requirements, including notice, applicable to the original contract. A renewal contract must be identified as such. All notices and reports on a renewal contract must state the date of the original contract and the amount paid previously under the contract.

Subd. 4. [REPORTS.] (a) The commissioner shall submit to the governor, the chairs of the house ways and means and senate finance committees, and the ~~legislature~~ legislative reference library a monthly listing of all contracts for ~~consultant services and for~~ professional ~~and~~ or technical services executed or disapproved in the preceding month. The report must identify the parties and the contract amount, duration, and tasks to be performed. The commissioner shall also issue quarterly reports summarizing the contract review activities of the department during the preceding quarter.

(b) The monthly and quarterly reports must:

(1) be sorted by agency and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

(3) distinguish between contracts that are being issued for the first time and contracts that are being renewed;

(4) state the termination date of each contract; and

(5) categorize contracts according to subject matter, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) Within 30 days of final completion of a contract over $40,000 covered by this subdivision, the chief executive of the agency entering into the contract must submit a one-page report to the commissioner who must submit a copy to the legislative reference library. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract;

(2) state the amount spent on the contract; and

(3) explain why this amount was a cost-effective way to enable the agency to provide its services or products better or more efficiently.

Subd. 5. [CONTRACT TERMS.] (a) A ~~consultant or technical and~~ professional or technical services contract must by its terms permit the agency to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the agency determines that further performance under the contract would not serve agency purposes. If the final product of the contract is ~~to be~~ a written report, ~~no more than three copies of the report, one in camera ready form, shall be submitted to the agency. One of the copies~~ a copy must be filed with the legislative reference library.

(b) The terms of a contract must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the chief executive of the agency entering into the contract, and the chief executive has certified that the contractor has satisfactorily fulfilled the terms of the contract.

Subd. 6. [EXCLUSIONS.] This section and section 16B.167 do not apply:

(1) to Minnesota state college or university contracts to provide instructional services to public or private organizations, agencies, businesses, or industries;

(2) to contracts with individuals or organizations for administration of employee pension plans authorized under chapter 354B or 354C; or

(3) to instructional services provided to Minnesota state colleges or universities by organizations or individuals provided the contracts are consistent with terms of applicable labor agreements.

Sec. 55. [16B.175] [PROFESSIONAL OR TECHNICAL SERVICE CONTRACT CONFLICT OF INTEREST GUIDELINES.]

Subdivision 1. [DEVELOPMENT; APPLICABILITY.] The commissioner of administration must develop guidelines designed to prevent conflicts of interest for agency employees involved in professional or technical service contracts. The guidelines must apply to agency employees who are directly or indirectly involved in: developing requests for proposals; evaluating proposals; drafting and entering into professional or technical service contracts; evaluating performance under these contracts; and authorizing payments under the contract.

Subd. 2. [CONTENT.] (a) The guidelines must attempt to ensure that an employee involved in contracting:

(1) does not have any financial interest in and does not personally benefit from the contract;

(2) does not accept from a contractor or bidder any promise, obligation, contract for future reward, or gift; and

(3) does not appear to have a conflict of interest because of a family or close personal relationship to a contractor or bidder, or because of a past employment or business relationship with a contractor or bidder.

(b) The guidelines must contain a process for making employees aware of guidelines and laws relating to conflict of interest, and for training employees on how to avoid and deal with potential conflicts.

(c) The guidelines must contain a process under which an employee who has a conflict or a potential conflict may disclose the matter, and a process under which work on the contract may be assigned to another employee if possible.

Sec. 56. Minnesota Statutes 1994, section 16B.19, subdivision 2, is amended to read:

Subd. 2. [~~CONSULTANT,~~ PROFESSIONAL ~~AND~~ OR TECHNICAL PROCUREMENTS.] Every state agency shall for each fiscal year designate for awarding to small businesses at least 25 percent of the value of anticipated procurements of that agency for ~~consultant services or~~ professional ~~and~~ or technical services. The set-aside under this subdivision is in addition to that provided by subdivision 1, but ~~shall~~ must otherwise comply with section 16B.17.

Sec. 57. Minnesota Statutes 1994, section 16B.19, subdivision 10, is amended to read:

Subd. 10. [APPLICABILITY.] This section does not apply to construction contracts or contracts for ~~consultant,~~ professional, or technical services under section 16B.17 that are financed in whole or in part with federal funds and that are subject to federal disadvantaged business enterprise regulations.

Sec. 58. Minnesota Statutes 1994, section 16B.42, subdivision 3, is amended to read:

Subd. 3. [OTHER DUTIES.] The intergovernmental informations systems advisory council shall (1) recommend to the commissioners of state departments, the legislative auditor, and the state auditor a method for the expeditious gathering and reporting of information and data between agencies and units of local government in accordance with cooperatively developed standards; (2) elect an executive committee, not to exceed seven members from its membership; (3) develop an annual plan, to include administration and evaluation of grants, in compliance with applicable rules; (4) provide technical information systems assistance or guidance to local governments for development, implementation, and modification of automated systems, including formation of consortiums for those systems; ~~and~~ (5) appoint committees and task forces, which may include persons other than council members, to assist the council in carrying out its duties; (6) select an executive director to serve the council and may employ other employees it deems necessary, all of whom are in the classified service of the state civil service; (7) may contract for professional and other similar services on terms it deems desirable; and (8) work with the information policy office to ensure that information systems developed by state agencies that impact local government will be reviewed by the council.

Sec. 59. [16B.485] [INTERFUND LOANS.]

The commissioner may, with the approval of the commissioner of finance, make loans from an internal service or enterprise fund to another internal service or enterprise fund, and the amount necessary is appropriated from the fund that makes the loan. The term of a loan made under this section must be not more than 24 months.

Sec. 60. Minnesota Statutes 1994, section 16B.88, subdivision 1, is amended to read:

Subdivision 1. [INFORMATION CENTER FOR VOLUNTEER PROGRAMS.] (a) The office ~~on~~ of citizenship and volunteer services is under the supervision and administration of ~~an executive~~ a director appointed by the commissioner ~~and referred to in this section as "director."~~. The office shall: (1) operate as a state information, technical assistance, and promotion center for volunteer programs ~~and needed services that could be delivered by volunteer programs~~; and (2) promote and facilitate citizen participation in local governance and public problem solving.

(b) In furtherance of the mission in paragraph (a), clause (2), the office shall:

(1) engage in education and other activities designed to enhance the capacity of citizens to solve problems affecting their communities;

(2) promote and support efforts by citizens, community-based organizations, non-profits, churches, and local governments to collaborate in solving community problems;

(3) encourage local governments to provide increased opportunities for citizen involvement in public decision making and public problem solving;

(4) refer innovative approaches to encourage greater public access to and involvement in state and local government decisions to appropriate state and local government officials;

(5) encourage units of state and local government to respond to citizen initiatives and ideas;

(6) promote processes for involving citizens in government decisions; and

(7) recognize and publicize models of effective public problem solving by citizens.

~~A person or public or private agency may request information on the availability of volunteer programs relating to specific services and may report to the director whenever a volunteer program is needed or desired.~~

Sec. 61. Minnesota Statutes 1994, section 16B.88, subdivision 2, is amended to read:

Subd. 2. [COOPERATION WITH OTHER GROUPS.] The director shall cooperate with national, state, and local ~~volunteer~~ groups in collecting information on federal, state, and private resources which may encourage and improve volunteer projects within the state. The office shall coordinate its research and other work on citizen engagement with the board of government innovation and cooperation, the Minnesota extension service, and Project Public Life, Humphrey Institute, University of Minnesota.

Sec. 62. Minnesota Statutes 1994, section 16B.88, subdivision 3, is amended to read:

Subd. 3. [MONEY.] The director may accept and disburse public or private funds and gifts made available for the promotion of ~~volunteer~~ the office's programs.

Sec. 63. Minnesota Statutes 1994, section 16B.88, subdivision 4, is amended to read:

Subd. 4. [RESEARCH AND INFORMATION.] The director shall ~~conduct research to~~: (1) identify methods for increasing the capacity of citizens to influence decisions affecting their lives, identify methods citizens can use to solve problems in their communities, and promote innovative techniques for citizen and community-based organizations to collaborate in understanding and solving community problems; and (2) identify needs of volunteer programs ~~and to assess community needs for volunteer services~~. The director may issue informational materials relating to volunteer programs in Minnesota and results of the director's research.

Sec. 64. [43A.211] [MINNESOTA QUALITY COLLEGE.]

Subdivision 1. [PURPOSE; GOALS.] The Minnesota quality college is a program in the department of employee relations to provide information on continuous quality improvement training resources to state officials and employees in executive agencies. It is managed by the board established by subdivision 2. The purpose of the program is to help agencies, officials, and employees achieve the mission and goals of their governmental unit, improve government's responsiveness to citizens, increase workplace innovation at the employee level, increase productivity, improve public leadership and employee involvement, and build pride in public service. Its goals are to encourage cost savings and cost sharing among its clients, to help clients ensure that money for quality improvement training is wisely spent, and to develop and maintain a curriculum that provides a base for the continuous improvement of quality skills in Minnesota's public workforce. The curriculum must be based on a philosophy of quality that has these components: customer focus, continuous improvement, and employee empowerment and leadership. The board shall insure that state agencies and employees have access to and are provided with information on quality resources, encourage sharing and interagency cooperation, and provide high-quality and ongoing training on how to apply the philosophy of quality in public service.

Subd. 2. [MANAGEMENT.] The commissioner shall convene a board to manage the college. The board must consist of the commissioner; a commissioner from another agency appointed by the governor; a private citizen experienced in the application of the quality philosophy, appointed by the governor; a representative of the exclusive representatives of employees in the executive branch, selected by the exclusive representatives; and two representatives of management-level executive agency employees, selected by the commissioner. The board shall take action based on a consensus of its members present. The board shall identify training needs and potential resources to provide different levels of training depending on the requirements and stage of development of each customer. Levels of training may include basic quality training, special management training, refresher courses, coaching, organizational culture change, and applying quality tools. The board shall attempt to design a model curriculum, specific components and resources to achieve the curriculum, and specific programs within that curriculum to meet the expressed needs of customers.

Subd. 3. [CUSTOMERS.] The primary customers of the college are Minnesota state agencies, officials, and employees. The board may extend services to local governmental units, federal agencies, educational institutions, and nonprofit organizations within Minnesota, but shall first ensure that the needs of their primary customers are adequately met. The curriculum must be organized to meet the needs of five separate groups of customers: elected officials, appointed officials, managers, quality professionals, and public employees.

Subd. 4. [SUPPLIERS.] The board may draw upon a range of training resources, including:

(1) staff of the customer agency itself;

(2) other agencies, including courses offered by the department or the organizational analysis services of the management analysis division of the department of administration;

(3) Minnesota public and private higher education institutions;

(4) private consultants;

(5) professional organizations; and

(6) local governmental units and federal agencies.

Sec. 65. Minnesota Statutes 1994, section 43A.27, subdivision 2, is amended to read:

Subd. 2. [ELECTIVE ELIGIBILITY.] The following persons, if not otherwise covered by section 43A.24, may elect coverage for themselves or their dependents at their own expense:

(a) a state employee, including persons on layoff from a civil service position as provided in collective bargaining agreements or a plan established pursuant to section 43A.18;

(b) an employee of the board of regents of the University of Minnesota, including persons on layoff, as provided in collective bargaining agreements or by the board of regents;

(c) an officer or employee of the state agricultural society, state horticultural society, Sibley house association, Minnesota humanities commission, Minnesota area industry labor management councils, Minnesota international center, Minnesota academy of science, science museum of Minnesota, Minnesota safety council, state office of disabled American veterans, state office of the American Legion and its auxiliary, state office of veterans of foreign wars and its auxiliary, or state office of the Military Order of the Purple Heart;

(d) a civilian employee of the adjutant general who is paid from federal funds and who is not eligible for benefits from any federal civilian employee group life insurance or health benefits program; and

(e) an officer or employee of the state capitol credit union or the highway credit union.

Sec. 66. Minnesota Statutes 1994, section 43A.27, subdivision 3, is amended to read:

Subd. 3. [RETIRED EMPLOYEES.] A retired employee of the state who receives an annuity under a state retirement program or a retired employee of the state who is at least 50 years of age and has at least 15 years of state service may elect to purchase at personal expense individual and dependent hospital, medical, and dental coverages that are actuarially equivalent to those made available through collective bargaining agreements or plans established pursuant to section 43A.18 to employees in positions equivalent to that from which retired. A spouse of a deceased retired employee who received an annuity under a state retirement program may purchase the coverage listed in this subdivision if the spouse was a dependent under the retired employee's coverage at the time of the employee's death. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program. Until the retired employee reaches age 65, the retired employee and dependents must be pooled in the same group as active employees for purposes of establishing premiums and coverage for hospital, medical, and dental insurance. Coverage for retired employees and their dependents may not discriminate on the basis of evidence of insurability or preexisting conditions unless identical conditions are imposed on active employees in the group that the employee left. Appointing authorities shall provide notice to employees no later than the effective date of their retirement of the right to exercise the option provided in this subdivision. The retired employee must notify the commissioner or designee of the commissioner within 30 days after the effective date of the retirement of intent to exercise this option.

Sec. 67. Minnesota Statutes 1994, section 115C.02, is amended by adding a subdivision to read:

Subd. 6a. [FUND.] "Fund" means the petroleum tank release cleanup fund.

Sec. 68. Minnesota Statutes 1994, section 115C.08, subdivision 1, is amended to read:

Subdivision 1. [REVENUE SOURCES.] Revenue from the following sources must be deposited in the state treasury and credited to a petroleum tank release cleanup ~~account in the environmental~~ fund:

(1) the proceeds of the fee imposed by subdivision 3;

(2) money recovered by the state under sections 115C.04, 115C.05, and 116.491, including administrative expenses, civil penalties, and money paid under an agreement, stipulation, or settlement;

(3) interest attributable to investment of money in the ~~account~~ fund;

(4) money received by the board and agency in the form of gifts, grants other than federal grants, reimbursements, or appropriations from any source intended to be used for the purposes of the ~~account~~ fund;

(5) fees charged for the operation of the tank installer certification program established under section 116.491; and

(6) money obtained from the return of reimbursements, civil penalties, or other board action under this chapter.

Sec. 69. Minnesota Statutes 1994, section 115C.08, subdivision 2, is amended to read:

Subd. 2. [IMPOSITION OF FEE.] The board shall notify the commissioner of revenue if the unencumbered balance of the ~~account~~ fund falls below $4,000,000, and within 60 days after receiving notice from the board, the commissioner of revenue shall impose the fee established in subdivision 3 on the use of a tank for four calendar months, with payment to be submitted with each monthly distributor tax return.

Sec. 70. Minnesota Statutes 1994, section 115C.08, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURES.] (a) Money in the ~~account~~ fund may only be spent:

(1) to administer the petroleum tank release cleanup program established in this chapter;

(2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;

(3) for costs of recovering expenses of corrective actions under section 115C.04;

(4) for training, certification, and rulemaking under sections 116.46 to 116.50;

(5) for agency administrative costs of enforcing rules governing the construction, installation, operation, and closure of aboveground and underground petroleum storage tanks;

(6) for reimbursement of the harmful substance compensation account under subdivision 5 and section 115B.26, subdivision 4; and

(7) for administrative and staff costs as set by the board to administer the petroleum tank release program established in this chapter.

(b) Money in the ~~account~~ fund is appropriated to the board to make reimbursements or payments under this section.

Sec. 71. Minnesota Statutes 1994, section 116G.15, is amended to read:

116G.15 [MISSISSIPPI RIVER CRITICAL AREA.]

(a) The federal Mississippi National River and Recreation Area established pursuant to United States Code, title 16, section 460zz-2(k), is designated an area of critical concern in accordance with this chapter. The governor shall review the existing Mississippi river critical area plan and specify any additional standards and guidelines to affected communities in accordance with section 116G.06, subdivision 2, paragraph (b), clauses (3) and (4), needed to insure preservation of the area pending the completion of the federal plan.

The results of an environmental impact statement prepared under chapter 116D begun before and completed after July 1, 1994, for a proposed project that is located in the Mississippi river

critical area north of the United States Army Corps of Engineers Lock and Dam Number One must be submitted in a report to the chairs of the environment and natural resources policy and finance committees of the house of representatives and the senate prior to the issuance of any state or local permits and the authorization for an issuance of any bonds for the project. A report made under this paragraph shall be submitted by the responsible governmental unit that prepared the environmental impact statement, and must list alternatives to the project that are determined by the environmental impact statement to be economically less expensive and environmentally superior to the proposed project and identify any legislative actions that may assist in the implementation of environmentally superior alternatives. This paragraph does not apply to a proposed project to be carried out by the metropolitan council or a metropolitan agency as defined in section 473.121.

(b) If the results of an environmental impact statement required to be submitted by paragraph (a) indicate that there is an economically less expensive and environmentally superior alternative, then no member agency of the environmental quality board shall issue a permit for the facility that is the subject of the environmental impact statement, other than an economically less expensive and environmentally superior alternative, nor shall any government bonds be issued for the facility, other than an economically less expensive and environmentally superior alternative, until after the legislature has adjourned its regular session sine die in 1996.

Sec. 72. Minnesota Statutes 1994, section 197.05, is amended to read:

197.05 [FUND, HOW EXPENDED.]

The state soldiers' assistance fund shall be administered by the commissioner of veterans affairs and shall be used to locate and investigate the facts as to any citizen of Minnesota or resident alien residing in Minnesota who served in the military or naval forces of the United States and who is indigent or suffering from any disability whether acquired in the service or not; to assist the person and the person's dependents as hereinafter provided in establishing and proving any just claim the person may have against the United States government, or any other government or state for compensation, insurance, relief, or other benefits; to provide emergency hospitalization, treatment, maintenance, and relief for any person suffering from disability who was a bona fide resident of the state at the time the need arose and the person's dependents, as hereinafter provided; and to cooperate with other state, municipal, and county officials and civic or civilian agencies or organizations in carrying out the provisions of sections 197.01 to 197.07. The commissioner shall limit financial assistance to veterans and dependents to six months, unless recipients have been certified as ineligible for other benefit programs.

The fund is appropriated to be used in the manner determined by the commissioner of veterans affairs for these purposes.

Sec. 73. Minnesota Statutes 1994, section 240.155, subdivision 1, is amended to read:

Subdivision 1. [REIMBURSEMENT ACCOUNT CREDIT.] Money received by the commission as reimbursement for the costs of services provided by assistant veterinarians ~~and~~, stewards, and medical testing of horses must be deposited in the state treasury and credited to a racing ~~commission~~ reimbursement account, except as provided under subdivision 2. Receipts are appropriated to the commission to pay the costs of providing the services.

Sec. 74. Minnesota Statutes 1994, section 240.24, subdivision 3, is amended to read:

Subd. 3. [FEES.] The commission shall establish by rule a fee or schedule of fees to recover the costs of medical testing of horses running at racetracks licensed by the commission. Fees charged for the testing of horses shall cover the cost of the medical testing laboratory. Fee receipts shall be deposited in the state treasury and credited to the ~~general fund~~ racing reimbursement account.

Sec. 75. Minnesota Statutes 1994, section 240A.08, is amended to read:

240A.08 [APPROPRIATION.]

$750,000 is appropriated annually from the general fund to the Minnesota amateur sports commission for the purpose of entering into long-term leases, use, or other agreements with the metropolitan sports facilities commission for the conduct of amateur sports activities at the basketball and hockey arena, consistent with the purposes set forth in this chapter, including (1)

stimulating and promoting amateur sports, (2) promoting physical fitness by promoting participation in sports, (3) promoting the development of recreational amateur sport opportunities and activities, and (4) promoting local, regional, national, and international amateur sport competitions and events. The metropolitan sports facilities commission may allocate 50 dates a year for the conduct of amateur sports activities at the basketball and hockey arena by the amateur sports commission. At least 12 of the dates must be on a Friday, Saturday, or Sunday. If any amateur sports activities conducted by the amateur sports commission at the basketball and hockey arena are restricted to participants of one gender, an equal number of activities on comparable days of the week must be conducted for participants of the other gender, but not necessarily in the same year. The legislature reserves the right to repeal or amend this appropriation, and does not intend this appropriation to create public debt.

The books, records, documents, accounting procedures, and practices of the metropolitan sports facilities commission, the Minneapolis community development agency, and any corporation with which the Minnesota amateur sports commission may contract for use of the basketball and hockey arena are available for review by the Minnesota amateur sports commission, the legislative auditor, and the chairs of the state government finance divisions of the senate and the house of representatives, subject to chapter 13 and section 473.598, subdivision 4.

Sec. 76. Minnesota Statutes 1994, section 240A.09, is amended to read:

240A.09 [PLAN DEVELOPMENT; CRITERIA.]

The Minnesota amateur sports commission shall develop a plan to promote the development of proposals for new statewide public ice facilities including proposals for ice centers and matching grants based on the criteria in this section.

(a) For ice center proposals, the commission will give priority to proposals that come from more than one local government unit and that, in the metropolitan area as defined in section 473.121, subdivision 2, involve construction of ~~more than three~~ at least two ice sheets in a single facility.

(b) The ~~Minnesota amateur sports~~ commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

(c) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

(d) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

(e) To the extent possible, all proposed facilities must be dispersed equitably ~~and~~, must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

(f) The ~~Minnesota amateur sports~~ commission may also use the funds to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

(g) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

(h) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, and operation, including the marketing of ice time.

(i) The commission may use funds for rehabilitation and renovation grants. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment.

(j) At least ten percent of the grant funds must be used for ice centers designed for sports other than hockey.

Sec. 77. Minnesota Statutes 1994, section 240A.10, is amended to read:

240A.10 [AGREEMENTS.]

Subdivision 1. [ICE ARENA FACILITIES.] The Minnesota amateur sports commission may enter into agreements with local units of government and provide financial assistance in the form of grants for the construction of ice arena facilities that in the determination of the commission, conform to its criteria.

Subd. 2. [EQUIPMENT; REVOLVING FUND.] The commission may enter into cooperative purchasing agreements under section 471.59 with local governments to purchase ice arena equipment and services through state contracts. The cooperative ice arena equipment purchasing revolving fund is a separate account in the state treasury. The commission may charge a fee to cover the commission's administrative expenses to government units that have joint or cooperative purchasing agreements with the state under section 471.59. The fees collected must be deposited in the revolving fund established by this subdivision. Money in the fund is appropriated to the commission to administer the programs and services covered by this subdivision.

Sec. 78. Minnesota Statutes 1994, section 349.151, subdivision 4b, is amended to read:

Subd. 4b. [PULL-TAB SALES FROM DISPENSING DEVICES.] (a) The board may by rule authorize but not require the use of pull-tab dispensing devices.

(b) Rules adopted under paragraph (a):

(1) must limit the number of pull-tab dispensing devices on any permitted premises to three;

(2) must limit the use of pull-tab dispensing devices to a permitted premises which is (i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages or (ii) a licensed bingo hall that allows gambling only by persons 18 years or older; and

(3) must prohibit the use of pull-tab dispensing devices at any licensed premises where pull-tabs are sold other than through a pull-tab dispensing device by an employee of the organization who is also the lessor or an employee of the lessor.

(c) The director may charge a manufacturer a fee of up to $5,000 per pull-tab dispensing device to cover the costs of services provided by an independent testing laboratory to perform testing and analysis of pull-tab dispensing devices. The director shall deposit in a separate account in the state treasury all money the director receives as reimbursement for the costs of services provided by independent testing laboratories that have entered into contracts with the state to perform testing and analysis of pull-tab dispensing devices. Money in the account is appropriated to the director to pay the costs of services under those contracts.

Sec. 79. Minnesota Statutes 1994, section 349A.02, subdivision 1, is amended to read:

Subdivision 1. [DIRECTOR.] A state lottery is established under the supervision and control of the director of the state lottery appointed by the governor with the advice and consent of the senate. ~~The governor shall appoint the director from a list of at least three persons recommended to the governor by the board.~~ The director must be qualified by experience and training in the operation of a lottery to supervise the lottery. The director serves in the unclassified service. The annual salary rate authorized for the director is equal to 80 percent of the salary rate prescribed for the governor as of the effective date of Laws 1993, chapter 146.

Sec. 80. Minnesota Statutes 1994, section 349A.03, is amended by adding a subdivision to read:

Subd. 4. [BOARD ABOLISHED.] The board is abolished on July 1, 1995. The terms of all members of the board serving on that date expire on that date.

Sec. 81. Minnesota Statutes 1994, section 349A.04, is amended to read:

349A.04 [LOTTERY GAME PROCEDURES.]

The director may adopt game procedures governing the following elements of the lottery:

(1) lottery games;

(2) ticket prices;

(3) number and size of prizes;

(4) methods of selecting winning tickets; and

(5) frequency and method of drawings.

The adoption of lottery game procedures is not subject to chapter 14. ~~Before adopting a lottery game procedure, the director shall submit the procedure to the board for its review and comment.~~

Sec. 82. Minnesota Statutes 1994, section 349A.05, is amended to read:

349A.05 [RULES.]

The director may adopt rules, including emergency rules, under chapter 14 governing the following elements of the lottery:

(1) the number and types of lottery retailers' locations;

(2) qualifications of lottery retailers and application procedures for lottery retailer contracts;

(3) investigation of lottery retailer applicants;

(4) appeal procedures for denial, suspension, or cancellation of lottery retailer contracts;

(5) compensation of lottery retailers;

(6) accounting for and deposit of lottery revenues by lottery retailers;

(7) procedures for issuing lottery procurement contracts and for the investigation of bidders on those contracts;

(8) payment of prizes;

(9) procedures needed to ensure the integrity and security of the lottery; and

(10) other rules the director considers necessary for the efficient operation and administration of the lottery.

~~Before adopting a rule the director shall submit the rule to the board for its review and comment.~~

Sec. 83. Minnesota Statutes 1994, section 349A.06, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] (a) The director may not contract with a retailer who:

(1) is under the age of 18;

(2) is in business solely as a seller of lottery tickets;

(3) owes $500 or more in delinquent taxes as defined in section 270.72;

(4) has been convicted within the previous five years of a felony or gross misdemeanor, any crime involving fraud or misrepresentation, or a gambling-related offense;

(5) is a member of the immediate family, residing in the same household, as the director~~, board member~~, or any employee of the lottery;

(6) in the director's judgment does not have the financial stability or responsibility to act as a

lottery retailer, or whose contracting as a lottery retailer would adversely affect the public health, welfare, and safety, or endanger the security and integrity of the lottery; or

(7) is a currency exchange, as defined in section 53A.01.

A contract entered into before August 1, 1990, which violates clause (7) may continue in effect until its expiration but may not be renewed.

(b) An organization, firm, partnership, or corporation that has a stockholder who owns more than five percent of the business or the stock of the corporation, an officer, or director, that does not meet the requirements of paragraph (a), clause (4), is not eligible to be a lottery retailer under this section.

(c) The restrictions under paragraph (a), clause (4), do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or firm has terminated its relationship with the individual whose actions directly contributed to the disqualification under this subdivision.

Sec. 84. Minnesota Statutes 1994, section 349A.08, subdivision 5, is amended to read:

Subd. 5. [PAYMENT; UNCLAIMED PRIZES.] A prize in the state lottery must be claimed by the winner within one year of the date of the drawing at which the prize was awarded or the last day sales were authorized for a game where a prize was determined in a manner other than by means of a drawing. If a valid claim is not made for a prize payable directly by the lottery by the end of this period, ~~the unclaimed prize money must be added by the director to prize pools of subsequent lottery games~~ the prize money is considered unclaimed and the winner of the prize shall have no further claim to the prize. A prize won by a person who purchased the winning ticket in violation of section 349A.12, subdivision 1, or won by a person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed prize under this section. The director shall transfer 70 percent of all unclaimed prize money at the end of each fiscal year from the lottery cash flow account as follows: of the 70 percent, 40 percent must be transferred to the Minnesota environment and natural resources trust fund and 60 percent must be transferred to the general fund. The remaining 30 percent of the unclaimed prize money must be added by the director to prize pools of subsequent lottery games.

Sec. 85. Minnesota Statutes 1994, section 349A.08, subdivision 7, is amended to read:

Subd. 7. [PAYMENTS PROHIBITED.] (a) No prize may be paid to ~~a member of the board,~~ the director or an employee of the lottery, or a member of their families residing in the same household of the member, director, or employee. No prize may be paid to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved with providing goods or services to the lottery under a lottery procurement contract.

(b) No prize may be paid for a stolen, altered, or fraudulent ticket.

Sec. 86. Minnesota Statutes 1994, section 349A.10, is amended by adding a subdivision to read:

Subd. 7. [TRANSFER OF CASH BALANCES.] (a) A lottery cash flow account is created in the special revenue fund in the state treasury. At the end of each week the director shall deposit in the lottery cash flow account from the lottery fund and the lottery prize fund all amounts that the director determines are not required for immediate use in the lottery fund or the lottery prize fund. The commissioner of finance shall credit to the lottery cash flow account interest on all money deposited in the lottery cash flow account under this subdivision.

(b) The director shall notify the commissioner of finance whenever the director determines that money transferred under paragraph (a) is required for the immediate use of the lottery fund or the lottery prize fund. Upon receiving the notification the commissioner shall transfer the amount identified in the notification. Amounts necessary to make immediate payment for expenses or prizes from the lottery fund or the prize fund are appropriated from the lottery cash flow account to the director.

(c) The director shall notify the commissioner of finance 30 days after each month as to the

amount of the net proceeds that must be transferred under subdivision 5, and the director shall notify the commissioner of finance 20 days after each month as to the amount that must be transferred under section 297A.259, and as necessary the director shall notify the commissioner of other amounts required by law to be transferred.

Sec. 87. Minnesota Statutes 1994, section 349A.11, is amended to read:

349A.11 [CONFLICT OF INTEREST.]

(a) The director, ~~a board member,~~ an employee of the lottery, a member of the immediate family of the director~~, board member,~~ or employee residing in the same household may not:

(1) purchase a lottery ticket;

(2) have any personal pecuniary interest in any vendor holding a lottery procurement contract, or in any lottery retailer; or

(3) receive any gift, gratuity, or other thing of value, excluding food or beverage, from any lottery vendor or lottery retailer, or person applying to be a retailer or vendor, in excess of $100 in any calendar year.

(b) A violation of paragraph (a), clause (1), is a misdemeanor. A violation of paragraph (a), clause (2), is a gross misdemeanor. A violation of paragraph (a), clause (3), is a misdemeanor unless the gift, gratuity, or other item of value received has a value in excess of $500, in which case a violation is a gross misdemeanor.

(c) The director or an unclassified employee of the lottery may not, within one year of terminating employment with the lottery, accept employment with, act as an agent or attorney for, or otherwise represent any person, corporation, or entity that had any lottery procurement contract or bid for a lottery procurement contract with the lottery within a period of two years prior to the termination of their employment. A violation of this paragraph is a misdemeanor.

Sec. 88. Minnesota Statutes 1994, section 349A.12, subdivision 4, is amended to read:

Subd. 4. [LOTTERY RETAILERS AND VENDORS.] A person who is a lottery retailer, or is applying to be a lottery retailer, a person applying for a contract with the director, or a person under contract with the director to supply goods or services to lottery may not pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food or beverage, having an aggregate value of over $100 in any calendar year to the director, ~~board member,~~ employee of the lottery, or to a member of the immediate family residing in the same household as that person.

Sec. 89. Minnesota Statutes 1994, section 352.15, subdivision 3, is amended to read:

Subd. 3. [DEDUCTING HEALTH INSURANCE PREMIUMS.] The board may direct, at its discretion, the deduction of a retiree's health or dental insurance premiums and transfer of the amounts to a health or dental insurance carrier covering state employees. The insurance carrier must certify that the retired employee has signed an authorization for the deduction and provide a computer readable roster of covered retirees and amounts. The health or dental insurance carrier must refund deductions withheld from a retiree's check in error directly to the retiree. The board shall require the insurance carrier to reimburse the fund for the administrative expense of withholding the premium amounts. The insurance carrier shall assume liability for any failure of the system to properly withhold the premium amounts.

Sec. 90. Minnesota Statutes 1994, section 462.358, subdivision 2b, is amended to read:

Subd. 2b. [DEDICATION.] The regulations may require that a reasonable portion of any proposed subdivision be dedicated to the public or preserved for public use as streets, roads, sewers, electric, gas, and water facilities, storm water drainage and holding areas or ponds and similar utilities and improvements.

In addition, the regulations may require that a reasonable portion of any proposed subdivision be dedicated to the public or preserved for conservation purposes or for public use as parks,

recreational facilities as defined and outlined in section 471.191, playgrounds, trails, wetlands, or open space; provided that (a) the municipality may choose to accept an equivalent amount in cash from the applicant for part or all of the portion required to be dedicated to such public uses or purposes based on the fair market value of the land no later than at the time of final approval, (b) any cash payments received shall be placed in a special fund by the municipality used only for the purposes for which the money was obtained, (c) in establishing the reasonable portion to be dedicated, the regulations may consider the open space, park, recreational, or common areas and facilities which the applicant proposes to reserve for the subdivision, and (d) the municipality reasonably determines that it will need to acquire that portion of land for the purposes stated in this paragraph as a result of approval of the subdivision.

Sec. 91. Laws 1991, chapter 235, article 5, section 3, is amended to read:

Sec. 3. [REPEALER.]

Section 1, subdivision 2, is repealed effective July 1, ~~1995~~ 1999.

Sec. 92. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

Appointing authorities in state government shall encourage each employee to take an unpaid leave of absence for up to 160 hours during the period ending June 30, 1997. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans. Any cost savings resulting from this section cancel to the fund from which the money was saved. It is anticipated that this section will result in savings to the general fund of $400,000 in each year of the biennium ending June 30, 1997.

Sec. 93. [SPENDING LIMITATION ON CONTRACTS.]

(a) During the biennium ending June 30, 1997, the aggregate amount spent by all departments or agencies defined in Minnesota Statutes, section 15.91, subdivision 1, on professional or technical service contracts may not exceed 95 percent of the aggregate amount these departments or agencies spent on these contracts during the biennium from July 1, 1993, to June 30, 1995. For purposes of this section, professional or technical service contracts are as defined in Minnesota Statutes, section 16B.17, but do not include contracts for highway construction or maintenance, contracts between state agencies, contracts paid for from insurance trust funds, gift and deposit funds, capital projects funds, or federal funds, contracts with private collection agencies, contracts that are entered into in connection with the agency's distribution of grant funds, or contracts entered into under Minnesota Statutes, section 16B.35. The governor or a designated official must limit or disapprove proposed contracts as necessary to comply with this section.

(b) During the biennium ending June 30, 1997, the amount spent by (1) the house of representatives; (2) the senate; and (3) the legislative coordinating commission and all groups under its jurisdiction, from direct-appropriated funds on professional or technical service contracts may not exceed 95 percent of the amount spent on these contracts from direct-appropriated funds during the biennium from July 1, 1993, to June 30, 1995. Each entity listed in clauses (1), (2), and (3) of this paragraph must be treated separately for purposes of determining compliance with this paragraph, except that the legislative coordinating commission and all groups under its jurisdiction must be treated as one unit. For purposes of this paragraph, "professional or technical service contract" has the meaning defined in section 16B.17, but does not include contracts for actuarial services entered into by the legislative commission on pensions and retirement, or contracts with other legislative or state executive agencies. The house of representatives committee on rules and legislative administration, the senate committee on rules and administration, and the legislative coordinating commission must each determine the amount of the reduction to be made under this paragraph.

Sec. 94. [AGENCY EXAMINATION.]

During the interim between the 1995 and 1996 regular sessions, the state government finance divisions of the senate and house of representatives shall conduct a thorough review of the operation and financing of the following state agencies: the departments of administration, finance, revenue, and human rights, the board of the arts, and the Minnesota amateur sports commission. The agencies shall make their books, records, documents, accounting procedures, and practices available for examination by the divisions and division staff. Agency personnel shall assist the divisions and division staff to develop a better understanding of how the agencies operate.

Sec. 95. [HEARINGS.]

The senate and house of representatives shall give full hearings during the 1996 regular session to issues related to the project in section 71.

Sec. 96. [REVISOR INSTRUCTION.]

The revisor of statutes shall change the term "account," where it refers to the petroleum tank release cleanup account, to "fund" in the following sections of Minnesota Statutes: 115B.26, 115C.03, 115C.08, 115C.09, 115C.10, 115C.11, 115E.11, and 135A.045, and in the headnote of section 115C.08.

Sec. 97. [REPEALER.]

(a) Section 64 (43A.211) is repealed July 1, 1999.

(b) Minnesota Statutes 1994, section 115C.02, subdivision 1a, is repealed.

(c) Minnesota Statutes 1994, sections 349A.01, subdivision 2, and 349A.02, subdivision 8, are repealed.

Sec. 98. [EFFECTIVE DATES.]

Subdivision 1. [REVISOR.] Section 38 is effective July 1, 1997.

Subd. 2. [1995 APPROPRIATIONS.] Section 34 is effective the day following final enactment.

Subd. 3. [AMATEUR SPORTS COMMISSION.] Sections 76, 77, and 90 are effective the day following final enactment.

Subd. 4. [RETIRED EMPLOYEES.] Section 66 applies to people who retire on or after the effective date of that section.

Subd. 5. [PULL-TAB.] Section 78 is effective the day following final enactment.

Subd. 6. [UNCLAIMED PRIZES.] Section 84 is effective the day following final enactment and applies to unclaimed prize money not then committed to a prize pool.

ARTICLE 2

BUILDING CODE

Section 1. Minnesota Statutes 1994, section 16B.59, is amended to read:

16B.59 [STATE BUILDING CODE; POLICY AND PURPOSE.]

The state building code governs the construction, reconstruction, alteration, and repair of ~~state-owned~~ buildings and other structures to which the code is applicable. The commissioner shall administer and amend a state code of building construction which will provide basic and uniform performance standards, establish reasonable safeguards for health, safety, welfare, comfort, and security of the residents of this state and provide for the use of modern methods, devices, materials, and techniques which will in part tend to lower construction costs. The construction of buildings should be permitted at the least possible cost consistent with recognized standards of health and safety.

Sec. 2. Minnesota Statutes 1994, section 16B.60, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For the purposes of sections 16B.59 to ~~16B.73~~ 16B.75, the terms defined in this section have the meanings given them.

Sec. 3. Minnesota Statutes 1994, section 16B.60, subdivision 4, is amended to read:

Subd. 4. [CODE.] "Code" means the state building code adopted by the commissioner in accordance with sections 16B.59 to ~~16B.73~~ 16B.75.

Sec. 4. Minnesota Statutes 1994, section 16B.61, subdivision 1, is amended to read:

Subdivision 1. [ADOPTION OF CODE.] Subject to sections 16B.59 to ~~16B.73~~ 16B.75, the commissioner shall by rule establish a code of standards for the construction, reconstruction, alteration, and repair of ~~state-owned~~ buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 16B.59 to ~~16B.73~~ 16B.75, the commissioner shall administer and enforce the provisions of those sections.

Sec. 5. Minnesota Statutes 1994, section 16B.61, subdivision 2, is amended to read:

Subd. 2. [ENFORCEMENT BY CERTAIN BODIES.] Under the direction and supervision of the commissioner, the provisions of the code relating to electrical installations shall be enforced by the state board of electricity, pursuant to the Minnesota electrical act, the provisions relating to plumbing shall be enforced by the commissioner of health, the provisions relating to ~~fire protection~~ the Minnesota uniform fire code shall be enforced by the state fire marshal, the provisions relating to high pressure steam piping and appurtenances ~~and elevators~~ shall be enforced by the department of labor and industry~~, and the code as applied to public school buildings shall be enforced by the state board of education~~. Fees for inspections conducted by the state board of electricity shall be paid in accordance with the rules of the state board of electricity.

Sec. 6. Minnesota Statutes 1994, section 16B.61, subdivision 5, is amended to read:

Subd. 5. [ACCESSIBILITY.] (a) [PUBLIC BUILDINGS.] The code must provide for making public buildings constructed or remodeled after July 1, 1963, accessible to and usable by physically handicapped persons, although this does not require the remodeling of public buildings solely to provide accessibility and usability to the physically handicapped when remodeling would not otherwise be undertaken.

(b) [LEASED SPACE.] No agency of the state may lease space for agency operations in a non-state-owned building unless the building satisfies the requirements of the state building code for accessibility by the physically handicapped, or is eligible to display the state symbol of accessibility. This limitation applies to leases of 30 days or more for space of at least 1,000 square feet.

(c) [MEETINGS OR CONFERENCES.] Meetings or conferences for the public or for state employees which are sponsored in whole or in part by a state agency must be held in buildings that meet the state building code requirements relating to accessibility for physically handicapped persons. This subdivision does not apply to any classes, seminars, or training programs offered by a state university, the University of Minnesota, or a state community college. Meetings or conferences intended for specific individuals none of whom need the accessibility features for handicapped persons specified in the state building code need not comply with this subdivision unless a handicapped person gives reasonable advance notice of an intent to attend the meeting or conference. When sign language interpreters will be provided, meetings or conference sites must be chosen which allow hearing impaired participants to see their signing clearly.

(d) [EXEMPTIONS.] The commissioner may grant an exemption from the requirements of paragraphs (b) and (c) in advance if an agency has demonstrated that reasonable efforts were made to secure facilities which complied with those requirements and if the selected facilities are the best available for access for handicapped persons. Exemptions shall be granted using criteria developed by the commissioner in consultation with the council on disability.

(e) [SYMBOL INDICATING ACCESS.] The wheelchair symbol adopted by Rehabilitation International's Eleventh World Congress is the state symbol indicating buildings, facilities, and grounds which are accessible to and usable by handicapped persons. In the interests of uniformity, this symbol ~~in its white on blue format~~ is the sole symbol for display in or on all public or private buildings, facilities, and grounds which qualify for its use. The secretary of state shall obtain the symbol and keep it on file. No building, facility, or grounds may display the symbol unless it is in compliance with the rules adopted by the commissioner under subdivision 1. Before any rules are proposed for adoption under this paragraph, the commissioner shall consult with the council on disability. Rules adopted under this paragraph must be enforced in the same way as other accessibility rules of the state building code.

(f) [MUNICIPAL ENFORCEMENT.] Municipalities which have not adopted the state building code may enforce the building code requirements for handicapped persons by either entering into a joint powers agreement for enforcement with another municipality which has adopted the state building code; or contracting for enforcement with an individual certified under section 16B.65, subdivision 3, to enforce the state building code.

(g) [EQUIPMENT ALLOWED.] The code must allow the use of vertical wheelchair lifts and inclined stairway wheelchair lifts in public buildings. An inclined stairway wheelchair lift must be equipped with light or sound signaling device for use during operation of the lift. The stairway or ramp shall be marked in a bright color that clearly indicates the outside edge of the lift when in operation. The code shall not require a guardrail between the lift and the stairway or ramp. Compliance with this provision by itself does not mean other handicap accessibility requirements have been met.

Sec. 7. Minnesota Statutes 1994, section 16B.63, subdivision 3, is amended to read:

Subd. 3. [POWERS AND DUTIES.] The state building official may, with the approval of the commissioner, employ personnel necessary to carry out the inspector's function under sections 16B.59 to ~~16B.73~~ 16B.75. The state building official shall distribute without charge one copy of the code to each municipality within the state. Additional copies shall be made available to municipalities and interested parties for a fee prescribed by the commissioner. The state building official shall perform other duties in administering the code assigned by the commissioner.

Sec. 8. Minnesota Statutes 1994, section 16B.65, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENTS.] The governing body of each municipality shall, unless other means are already provided, appoint a ~~person~~ building official to administer the code ~~who shall be known as a building official~~. Two or more municipalities may combine in the appointment of a single building official for the purpose of administering the provisions of the code within their communities. In those municipalities for which no building officials have been appointed, the state building inspector, with the approval of the commissioner, may appoint building officials to serve until the municipalities have made an appointment. If unable to make an appointment, the state building inspector may use whichever state employees or state agencies are necessary to perform the duties of the building official. All costs incurred by virtue of an appointment by the state building inspector or services rendered by state employees must be borne by the involved municipality. Receipts arising from the appointment must be paid into the state treasury and credited to the general fund.

Sec. 9. Minnesota Statutes 1994, section 16B.65, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION.] The commissioner shall:

(1) prepare and conduct written and practical examinations to determine if a person is qualified pursuant to subdivision 2 to be a building official;

(2) accept documentation of successful completion of testing programs developed by nationally recognized testing agencies, as proof of qualification pursuant to subdivision 2; or

(3) determine qualifications by both clauses (1) and (2).

Upon a determination of qualification under clause (1), (2), or both of them, the commissioner shall issue a certificate to the building official stating that the official is certified. Each person applying for examination and certification pursuant to this section shall pay a nonrefundable fee of $70. The commissioner or a designee may establish classes of certification that will recognize the varying complexities of code enforcement in the municipalities within the state. Except as provided by subdivision 2, no person may act as a building official for a municipality unless the commissioner determines that the official is qualified. The commissioner shall provide educational programs designed to train and assist building officials in carrying out their responsibilities.

The department of employee relations may, at the request of the commissioner, provide statewide testing services.

Sec. 10. Minnesota Statutes 1994, section 16B.65, subdivision 4, is amended to read:

Subd. 4. [DUTIES.] Building officials shall, in the municipality for which they are appointed, attend to all aspects of code administration for which they are certified, including the issuance of all building permits and the inspection of all manufactured home installations. The commissioner may direct a municipality with a building official to perform services for another municipality, and in that event the municipality being served shall pay the municipality rendering the services the reasonable costs of the services. The costs may be subject to approval by the commissioner.

Sec. 11. Minnesota Statutes 1994, section 16B.65, subdivision 7, is amended to read:

Subd. 7. [CONTINUING EDUCATION.] Subject to sections 16B.59 to ~~16B.73~~ 16B.75, the commissioner may by rule establish or approve continuing education programs for municipal building officials dealing with matters of building code administration, inspection, and enforcement.

Effective January 1, 1985, each person certified as a building official for the state must satisfactorily complete applicable educational programs established or approved by the commissioner every three calendar years to retain certification.

Each person certified as a ~~state~~ building official must submit in writing to the commissioner an application for renewal of certification within 60 days of the last day of the third calendar year following the last certificate issued. Each application for renewal must be accompanied by proof of satisfactory completion of minimum continuing education requirements and the certification renewal fee established by the commissioner.

For persons certified prior to January 1, 1985, the first three-year period commences January 1, 1985.

Sec. 12. Minnesota Statutes 1994, section 16B.67, is amended to read:

16B.67 [APPEALS.]

A person aggrieved by the final decision of any municipality as to the application of the code, including any rules adopted under sections 471.465 to 471.469, may, within 180 days of the decision, appeal to the commissioner. Appellant shall submit a nonrefundable fee of $70, payable to the commissioner, with the request for appeal. An appeal must be heard as a contested case under chapter 14. The commissioner shall submit written findings to the parties. The party not prevailing shall pay the costs of the contested case hearing, including fees charged by the office of administrative hearings and the expense of transcript preparation. Costs under this section do not include attorney fees. Any person aggrieved by a ruling of the commissioner may appeal in accordance with chapter 14. For the purpose of this section "any person aggrieved" includes the council on disability. No fee or costs shall be required when the council on disability is the appellant.

Sec. 13. Minnesota Statutes 1994, section 16B.70, is amended to read:

16B.70 [SURCHARGE.]

Subdivision 1. [COMPUTATION.] To defray the costs of administering sections 16B.59 to ~~16B.73~~ 16B.75, a surcharge is imposed on all permits issued by municipalities in connection with the construction of or addition or alteration to buildings and equipment or appurtenances after June 30, 1971, as follows:

If the fee for the permit issued is fixed in amount the surcharge is equivalent to one-half mill (.0005) of the fee or 50 cents, whichever amount is greater. For all other permits, the surcharge is as follows:

(1) if the valuation of the structure, addition, or alteration is $1,000,000 or less, the surcharge is equivalent to one-half mill (.0005) of the valuation of the structure, addition, or alteration;

(2) if the valuation is greater than $1,000,000, the surcharge is $500 plus two-fifths mill (.0004) of the value between $1,000,000 and $2,000,000;

(3) if the valuation is greater than $2,000,000, the surcharge is $900 plus three-tenths mill (.0003) of the value between $2,000,000 and $3,000,000;

(4) if the valuation is greater than $3,000,000, the surcharge is $1,200 plus one-fifth mill (.0002) of the value between $3,000,000 and $4,000,000;

(5) if the valuation is greater than $4,000,000, the surcharge is $1,400 plus one-tenth mill (.0001) of the value between $4,000,000 and $5,000,000; and

(6) if the valuation exceeds $5,000,000, the surcharge is $1,500 plus one-twentieth mill (.00005) of the value that exceeds $5,000,000.

Subd. 2. [COLLECTION AND REPORTS.] All permit surcharges must be collected by each municipality and a portion of them remitted to the state. Each municipality having a population greater than 20,000 people shall prepare and submit to the commissioner once a month a report of fees and surcharges on fees collected during the previous month but shall retain the greater of two percent or that amount collected up to $25 to apply against the administrative expenses the municipality incurs in collecting the surcharges. All other municipalities shall submit the report and surcharges on fees once a quarter but shall retain the greater of four percent or that amount collected up to $25 to apply against the administrative expenses the municipalities incur in collecting the surcharges. The report, which must be in a form prescribed by the commissioner, must be submitted together with a remittance covering the surcharges collected by the 15th day following the month or quarter in which the surcharges are collected. All surcharges and other fees prescribed by sections 16B.59 to ~~16B.73~~ 16B.75, which are payable to the state, must be paid to the commissioner who shall deposit them in the state treasury for credit to ~~the general~~ a special revenue fund.

Sec. 14. [APPROPRIATION.]

$1,000,000 in fiscal year 1996 and $1,000,000 in fiscal year 1997 is appropriated from the special revenue fund for transfer by the commissioner of finance to the general fund.

ARTICLE 3

ZONING

Section 1. Minnesota Statutes 1994, section 366.10, is amended to read:

366.10 [ZONING REGULATIONS.]

The board of supervisors may submit to the legal voters of the town at an annual or special town meeting, the question whether the board shall adopt ~~building~~ land use and zoning regulations and restrictions in the town. The board in a town which has within its borders a hospital established in accordance with Laws 1955, chapter 227, may submit to the voters at an annual or special town meeting, the question whether the board shall adopt ~~building~~ land use and zoning regulations and restrictions in the town regulating the type of buildings that may be built or occupations carried on within a radius of one-half mile of the hospital.

Sec. 2. Minnesota Statutes 1994, section 366.12, is amended to read:

366.12 [REGULATIONS.]

If a majority of the voters voting on the question vote "Yes," the town board may regulate:

(1) the location, height, bulk, number of stories, size of buildings and other structures,

(2) the location of roads and schools,

(3) the percentage of lot which may be occupied,

(4) the sizes of yards and other open spaces,

(5) the density and distribution of population,

(6) the uses of buildings and structures for trade, industry, residence, recreation, public activities, or other purposes, and

(7) the uses of lands for trade, industry, residence, recreation, agriculture, forestry, soil conservation, water supply conservation, or other purposes.

To carry out this section it shall issue ~~building~~ land use or zoning permits or approvals. It shall be unlawful to erect, establish, alter, enlarge, use, occupy, or maintain a building, structure, improvement, or premises without having a ~~building~~ land use or zoning permit or approval.

Before adopting a regulation under this section the board shall hold a public hearing on the matter with notice as provided in section 366.15.

This section is subject to section 366.13.

Sec. 3. Minnesota Statutes 1994, section 366.16, is amended to read:

366.16 [TOWN ~~BUILDING~~ ZONING COMMISSIONER.]

The town board may enforce the regulations by withholding ~~building~~ land use or zoning permits or approvals, building permits issued under sections 16B.59 to 16B.75, or other permits or approvals. For the purposes of sections 366.10 to 366.18, it may establish the position of town ~~building~~ zoning commissioner and fix its compensation. If a building or structure is or is proposed to be erected, constructed, reconstructed, altered, or used or any land is or is proposed to be used in violation of sections 366.10 to 366.18 or a regulation or provision enacted or adopted by the board under sections 366.10 to 366.18, the board, the attorney of the county where the town is situated, the town attorney, the town ~~building~~ zoning commissioner, or any adjacent or neighboring property owner may institute any appropriate action to prevent, enjoin, abate, or remove the unlawful erection, construction, reconstruction, alteration, maintenance, or use.

Sec. 4. Minnesota Statutes 1994, section 394.33, subdivision 2, is amended to read:

Subd. 2. The board of supervisors of any town which has adopted or desires to adopt ~~building and~~ zoning regulations and restrictions pursuant to law shall have the authority granted the governing body of any municipality as provided in section 394.32.

Sec. 5. Minnesota Statutes 1994, section 394.361, subdivision 3, is amended to read:

Subd. 3. After an official map has been adopted and filed, the issuance of ~~building~~ land use or zoning permits or approvals by the county shall be subject to the provisions of this section. Whenever any street or highway is widened or improved or any new street is opened, or interests in lands for other public purposes are acquired by the county, it is not required in such proceedings to pay for any building or structure placed without a permit or approval or in violation of conditions of a permit or approval within the limits of the mapped street or highway or outside of any building line that may have been established upon the existing street or within any area thus identified for public purposes. The adoption of official maps does not give the county any right, title or interest in areas identified for public purposes thereon, but the adoption of a map does authorize the county to acquire such interests without paying compensation for buildings or

structures erected in such areas without a permit or approval or in violation of the conditions of a permit or approval. The provisions of this subdivision shall not apply to buildings or structures in existence prior to the filing of the official map.

Sec. 6. Minnesota Statutes 1994, section 462.358, subdivision 2a, is amended to read:

Subd. 2a. [TERMS OF REGULATIONS.] The standards and requirements in the regulations may address without limitation: the size, location, grading, and improvement of lots, structures, public areas, streets, roads, trails, walkways, curbs and gutters, water supply, storm drainage, lighting, sewers, electricity, gas, and other utilities; the planning and design of sites; access to solar energy; and the protection and conservation of flood plains, shore lands, soils, water, vegetation, energy, air quality, and geologic and ecologic features. The regulations shall require that subdivisions be consistent with the municipality's official map if one exists and its zoning ordinance, and may require consistency with other official controls and the comprehensive plan. The regulations may prohibit certain classes or kinds of subdivisions in areas where prohibition is consistent with the comprehensive plan and the purposes of this section, particularly the preservation of agricultural lands. The regulations may prohibit, restrict or control development for the purpose of protecting and assuring access to direct sunlight for solar energy systems. The regulations may prohibit, restrict, or control surface, above surface, or subsurface development for the purpose of protecting subsurface areas for existing or potential mined underground space development pursuant to sections 469.135 to 469.141, and access thereto. The regulations may prohibit the issuance of ~~building~~ permits or approvals for any tracts, lots, or parcels for which required subdivision approval has not been obtained.

The regulations may permit the municipality to condition its approval on the construction and installation of sewers, streets, electric, gas, drainage, and water facilities, and similar utilities and improvements or, in lieu thereof, on the receipt by the municipality of a cash deposit, certified check, irrevocable letter of credit, or bond in an amount and with surety and conditions sufficient to assure the municipality that the utilities and improvements will be constructed or installed according to the specifications of the municipality. Sections 471.345 and 574.26 do not apply to improvements made by a subdivider or a subdivider's contractor.

The regulations may permit the municipality to condition its approval on compliance with other requirements reasonably related to the provisions of the regulations and to execute development contracts embodying the terms and conditions of approval. The municipality may enforce such agreements and conditions by appropriate legal and equitable remedies.

Sec. 7. Minnesota Statutes 1994, section 462.358, subdivision 9, is amended to read:

Subd. 9. [UNPLATTED PARCELS.] Subdivision regulations adopted by municipalities may apply to parcels which are taken from existing parcels of record by metes and bounds descriptions, and the governing body or building authority may deny the issuance of ~~building~~ permits or approvals, building permits issued under sections 16B.59 to 16B.75, or other permits or approvals to any parcels so divided, pending compliance with subdivision regulations.

Sec. 8. Minnesota Statutes 1994, section 462.359, subdivision 4, is amended to read:

Subd. 4. [APPEALS.] If a land use or zoning permit or approval for a building in such location is denied, the board of appeals and adjustments shall have the power, upon appeal filed with it by the owner of the land, to grant a permit or approval for building in such location in any case in which the board finds, upon the evidence and the arguments presented to it, (a) that the entire property of the appellant of which such area identified for public purposes forms a part cannot yield a reasonable return to the owner unless such a permit or approval is granted, and (b) that balancing the interest of the municipality in preserving the integrity of the official map and of the comprehensive municipal plan and the interest of the owner of the property in the use of the property and in the benefits of ownership, the grant of such permit or approval is required by considerations of justice and equity. In addition to the notice of hearing required by section 462.354, subdivision 2, a notice shall be published in the official newspaper once at least ten days before the day of the hearing. If the board of appeals and adjustments authorizes the issuance of a permit or approval the governing body or other board or commission having jurisdiction shall have six months from the date of the decision of the board to institute proceedings to acquire such land or interest therein, and if no such proceedings are started within that time, the officer responsible

for issuing ~~building~~ permits or approvals shall issue the permit or approval if the application otherwise conforms to local ordinances. The board shall specify the exact location, ground area, height and other details as to the extent and character of the building for which the permit or approval is granted.

ARTICLE 4

INTERSTATE COMPACT

Section 1. Minnesota Statutes 1994, section 16B.75, is amended to read:

16B.75 [INTERSTATE COMPACT ON INDUSTRIALIZED/MODULAR BUILDINGS.]

The state of Minnesota ratifies and approves the following compact:

INTERSTATE COMPACT ON INDUSTRIALIZED/MODULAR BUILDINGS

ARTICLE I

FINDINGS AND DECLARATIONS OF POLICY

(1) The compacting states find that:

(a) Industrialized/modular buildings are constructed in factories in the various states and are a growing segment of the nation's affordable housing and commercial building stock.

(b) The regulation of industrialized/modular buildings varies from state to state and locality to locality, which creates confusion and burdens state and local building officials and the industrialized/modular building industry.

(c) Regulation by multiple jurisdictions imposes additional costs, which are ultimately borne by the owners and users of industrialized/modular buildings, restricts market access and discourages the development and incorporation of new technologies.

(2) It is the policy of each of the compacting states to:

(a) Provide the states which regulate the design and construction of industrialized/modular buildings with a program to coordinate and uniformly adopt and administer the states' rules and regulations for such buildings, all in a manner to assure interstate reciprocity.

(b) Provide to the United States Congress assurances that would preclude the need for a voluntary preemptive federal regulatory system for modular housing, as outlined in Section 572 of the Housing and Community Development Act of 1987, including development of model standards for modular housing construction, such that design and performance will insure quality, durability and safety; will be in accordance with life-cycle cost-effective energy conservation standards; all to promote the lowest total construction and operating costs over the life of such housing.

ARTICLE II

DEFINITIONS

As used in this compact, unless the context clearly requires otherwise:

(1) "Commission" means the interstate industrialized/modular buildings commission.

(2) "Industrialized/modular building" means any building which is of closed construction, i.e. constructed in such a manner that concealed parts or processes of manufacture cannot be inspected at the site, without disassembly, damage or destruction, and which is made or assembled in manufacturing facilities, off the building site, for installation, or assembly and installation, on the building site. "Industrialized/modular building" includes, but is not limited to, modular housing which is factory-built single-family and multifamily housing (including closed wall panelized housing) and other modular, nonresidential buildings. "Industrialized/modular building" does not include any structure subject to the requirements of the National Manufactured Home Construction and Safety Standards Act of 1974.

(3) "Interim reciprocal agreement" means a formal reciprocity agreement between a noncompacting state wherein the noncompacting state agrees that labels evidencing compliance with the model rules and regulations for industrialized/modular buildings, as authorized in Article VIII, section (9), shall be accepted by the state and its subdivisions to permit installation and use of industrialized/modular buildings. Further, the noncompacting state agrees that by legislation or regulation, and appropriate enforcement by uniform administrative procedures, the noncompacting state requires all industrialized/modular building manufacturers within that state to comply with the model rules and regulations for industrialized/modular buildings.

(4) "State" means a state of the United States, territory or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

(5) "Uniform administrative procedures" means the procedures adopted by the commission (after consideration of any recommendations from the rules development committee) which state and local officials, and other parties, in one state, will utilize to assure state and local officials, and other parties, in other states, of the substantial compliance of industrialized/modular building construction with the construction standard of requirements of such other states; to assess the adequacy of building systems; and to verify and assure the competency and performance of evaluation and inspection agencies.

(6) "Model rules and regulations for industrialized/modular buildings" means the construction standards adopted by the commission (after consideration of any recommendations from the rules development committee) which govern the design, manufacture, handling, storage, delivery and installation of industrialized/modular buildings and building components. The construction standards and any amendments thereof shall conform insofar as practicable to model building codes and referenced standards generally accepted and in use throughout the United States.

ARTICLE III

CREATION OF COMMISSION

The compacting states hereby create the Interstate Industrialized/Modular Buildings Commission, hereinafter called commission. Said commission shall be a body corporate of each compacting state and an agency thereof. The commission shall have all the powers and duties set forth herein and such additional powers as may be conferred upon it by subsequent action of the respective legislatures of the compacting states.

ARTICLE IV

SELECTION OF COMMISSIONERS

The commission shall be selected as follows. As each state becomes a compacting state, one resident shall be appointed as commissioner. The commissioner shall be selected by the governor of the compacting state, being designated from the state agency charged with regulating industrialized/modular buildings or, if such state agency does not exist, being designated from among those building officials with the most appropriate responsibilities in the state. The commissioner may designate another official as an alternate to act on behalf of the commissioner at commission meetings which the commissioner is unable to attend.

Each state commissioner shall be appointed, suspended, or removed and shall serve subject to and in accordance with the laws of the state which said commissioner represents; and each vacancy occurring shall be filled in accordance with the laws of the state wherein the vacancy exists.

~~When~~ For every three state commissioners that have been appointed in the manner described, those state commissioners shall select one additional commissioner who shall be a representative of manufacturers of ~~industrial~~ residential- or commercial-use industrialized/modular buildings. ~~When~~ For every six state commissioners that have been appointed in the manner described, the state commissioners shall select ~~a second~~ one additional commissioner who shall be a representative of consumers of industrialized/modular buildings. ~~With each addition of three state commissioners, the state commissioners shall appoint one additional representative commissioner, alternating between a representative of manufacturers of industrialized/modular buildings and consumers of industrialized/modular buildings. The ratio between state commissioners and~~

~~representative commissioners shall be three to one.~~ In the event states withdraw from the compact or, for any other reason, the number of state commissioners is reduced, the state commissioners shall remove the last added representative commissioner as necessary to maintain a the ratio of state commissioners to representative commissioners ~~of three to one~~ described herein.

Upon a majority vote of the state commissioners, the state commissioners may remove, fill a vacancy created by, or replace any representative commissioner, provided that any replacement is made from the same representative group and ~~a three to one ratio~~ the ratio described herein is maintained. Unless provided otherwise, the representative commissioners have the same authority and responsibility as the state commissioners.

In addition, the commission may have as a member one commissioner representing the United States government if federal law authorizes such representation. Such commissioner shall not vote on matters before the commission. Such ~~commission~~ commissioner shall be appointed by the President of the United States, or in such other manner as may be provided by Congress.

ARTICLE V

VOTING

Each commissioner (except the commissioner representing the United States government) shall be entitled to one vote on the commission. A majority of the commissioners shall constitute a quorum for the transaction of business. Any business transacted at any meeting of the commission must be by affirmative vote of a majority of the quorum present and voting.

ARTICLE VI

ORGANIZATION AND MANAGEMENT

The commission shall elect annually, from among its members, a chairman, a vice chairman and a treasurer. The commission shall also select a secretariat, which shall provide an individual who shall serve as secretary of the commission. The commission shall fix and determine the duties and compensation of the secretariat. The commissioners shall serve without compensation, but shall be reimbursed for their actual and necessary expenses from the funds of the commission.

The commission shall adopt a seal.

The commission shall adopt bylaws, rules, and regulations for the conduct of its business, and shall have the power to amend and rescind these bylaws, rules, and regulations.

The commission shall establish and maintain an office at the same location as the office maintained by the secretariat for the transaction of its business and may meet at any time, but in any event must meet at least once a year. The chairman may call additional meetings and upon the request of a majority of the commissioners of three or more of the compacting states shall call an additional meeting.

The commission annually shall make the governor and legislature of each compacting state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission and shall include the nature, amount and conditions, if any, of the donation, gift, grant or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.

ARTICLE VII

COMMITTEES

The commission will establish such committees as it deems necessary, including, but not limited to, the following:

(1) An executive committee which functions when the full commission is not meeting, as provided in the bylaws of the commission. The executive committee will ensure that proper procedures are followed in implementing the commission's programs and in carrying out the activities of the compact. The executive committee shall be elected by vote of the commission. It shall be comprised of at least three and no more than nine commissioners, selected from ~~those~~

~~commissioners who are representatives of the governor of their respective state~~ the state commissioners and one member of the industry commissioners and one member of the consumer commissioners.

(2) A rules development committee appointed by the commission. The committee shall be consensus-based and consist of not less than seven nor more than 21 members. Committee members will include state building regulatory officials; manufacturers of industrialized/modular buildings; private, third-party inspection agencies; and consumers. This committee may recommend procedures which state and local officials, and other parties, in one state, may utilize to assure state and local officials, and other parties, in other states, of the substantial compliance of industrialized/modular building construction with the construction standard requirements of such other states; to assess the adequacy of building systems; and to verify and assure the competency and performance of evaluation and inspection agencies. This committee may also recommend construction standards for the design, manufacture, handling, storage, delivery and installation of industrialized/modular buildings and building components. The committee will submit its recommendations to the commission, for the commission's consideration in adopting and amending the uniform administrative procedures and the model rules and regulations for industrialized/modular buildings. The committee may also review the regulatory programs of the compacting states to determine whether those programs are consistent with the uniform administrative procedures or the model rules and regulations for industrialized/modular buildings and may make recommendations concerning the states' programs to the commission. In carrying out its functions, the rules committee may conduct public hearings and otherwise solicit public input and comment.

(3) Any other advisory, coordinating or technical committees, membership on which may include private persons, public officials, associations or organizations. Such committees may consider any matter of concern to the commission.

(4) Such additional committees as the commission's bylaws may provide.

ARTICLE VIII

POWER AND AUTHORITY

In addition to the powers conferred elsewhere in this compact, the commission shall have power to:

(1) Collect, analyze and disseminate information relating to industrialized/modular buildings.

(2) Undertake studies of existing laws, codes, rules and regulations, and administrative practices of the states relating to industrialized/modular buildings.

(3) Assist and support committees and organizations which promulgate, maintain and update model codes or recommendations for uniform administrative procedures or model rules and regulations for industrialized/modular buildings.

(4) Adopt and amend uniform administrative procedures and model rules and regulations for industrialized/modular buildings.

(5) Make recommendations to compacting states for the purpose of bringing such states' laws, codes, rules and regulations and administrative practices into conformance with the uniform administrative procedures or the model rules and regulations for industrialized/modular buildings, provided that such recommendations shall be made to the appropriate state agency with due consideration for the desirability of uniformity while also giving appropriate consideration to special circumstances which may justify variations necessary to meet unique local conditions.

(6) Assist and support the compacting states with monitoring of plan review programs and inspection programs, which will assure that the compacting states have the benefit of uniform industrialized/modular building plan review and inspection programs.

(7) Assist and support organizations which train state and local government and other program personnel in the use of uniform industrialized/modular building plan review and inspection programs.

(8) Encourage and promote coordination of state regulatory action relating to manufacturers, public or private inspection programs.

(9) Create and sell labels to be affixed to industrialized/modular building units, constructed in or regulated by compacting states, where such labels will evidence compliance with the model rules and regulations for industrialized/modular buildings, enforced in accordance with the uniform administrative procedures. The commission may use receipts from the sale of labels to help defray the operating expenses of the commission.

(10) Assist and support compacting states' investigations into and resolutions of consumer complaints which relate to industrialized/modular buildings constructed in one compacting state and sited in another compacting state.

(11) Borrow, accept or contract for the services of personnel from any state or the United States or any subdivision or agency thereof, from any interstate agency, or from any institution, association, person, firm or corporation.

(12) Accept for any of its purposes and functions under this compact any and all donations, and grants of money, equipment, supplies, materials and services (conditional or otherwise) from any state or the United States or any subdivision or agency thereof, from any interstate agency, or from any institution, person, firm or corporation, and may receive, utilize and dispose of the same.

(13) Establish and maintain such facilities as may be necessary for the transacting of its business. The commission may acquire, hold, and convey real and personal property and any interest therein.

(14) Enter into contracts and agreements, including but not limited to, interim reciprocal agreements with noncompacting states.

ARTICLE IX

FINANCE

The commission shall submit to the governor or designated officer or officers of each compacting state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

Each of the commission's budgets of estimated expenditures shall contain specific recommendations of the amounts to be appropriated by each of the compacting states. The total amount of appropriations requested under any such budget shall be apportioned among the compacting states as follows: one-half in equal shares; one-fourth among the compacting states in accordance with the ratio of their populations to the total population of the compacting states, based on the last decimal federal census; and one-fourth among the compacting states in accordance with the ratio of industrialized/modular building units manufactured in each state to the total of all units manufactured in all of the compacting states.

The commission shall not pledge the credit of any compacting state. The commission may meet any of its obligations in whole or in part with funds available to it by donations, grants, or sale of labels: provided that the commission takes specific action setting aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it by donations, grants or sale of labels, the commission shall not incur any obligation prior to the allotment of funds by the compacting states adequate to meet the same.

The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the compacting states and any person authorized by the commission.

Nothing contained in this article shall be construed to prevent commission compliance relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the commission.

ARTICLE X

ENTRY INTO FORCE AND WITHDRAWAL

This compact shall enter into force when enacted into law by any three states. Thereafter, this compact shall become effective as to any other state upon its enactment thereof. The commission shall arrange for notification of all compacting states whenever there is a new enactment of the compact.

Any compacting state may withdraw from this compact by enacting a statute repealing the same. No withdrawal shall affect any liability already incurred by or chargeable to a compacting state prior to the time of such withdrawal.

ARTICLE XI

RECIPROCITY

If the commission determines that the standards for industrialized/modular buildings prescribed by statute, rule or regulation of compacting state are at least equal to the commission's model rules and regulations for industrialized/modular buildings, and that such state standards are enforced by the compacting state in accordance with the uniform administrative procedures, industrialized/modular buildings approved by such a compacting state shall be deemed to have been approved by all the compacting states for placement in those states in accordance with procedures prescribed by the commission.

ARTICLE XII

EFFECT ON OTHER LAWS AND JURISDICTION

Nothing in this compact shall be construed to:

(1) Withdraw or limit the jurisdiction of any state or local court or administrative officer or body with respect to any person, corporation or other entity or subject matter, except to the extent that such jurisdiction pursuant to this compact, is expressly conferred upon another agency or body.

(2) Supersede or limit the jurisdiction of any court of the United States.

ARTICLE XIII

CONSTRUCTION AND SEVERABILITY

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence or provision of this compact is declared to be contrary to the constitution of any state or of the United States or the applicability thereof to any government, agency, person or circumstances is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters.

ARTICLE 5

DEBT COLLECTION

Section 1. Minnesota Statutes 1994, section 8.16, is amended by adding a subdivision to read:

Subd. 1a. [SUBPOENAS.] The attorney general may in any county of the state subpoena and require the production of any records relating to the location of a debtor or the assets of a debtor, as that term is defined in section 16D.02, subdivision 4. Subpoenas may be issued only for records that are relevant to an investigation related to debt collection and exclude the power to subpoena

personal appearance of witnesses unless the attorney general is so authorized by other statute or court rule.

Sec. 2. Minnesota Statutes 1994, section 16A.72, is amended to read:

16A.72 [INCOME CREDITED TO GENERAL FUND; EXCEPTIONS.]

All income, including fees or receipts of any nature, shall be credited to the general fund, except:

(1) federal aid;

(2) contributions, or reimbursements received for any account of any division or department for which an appropriation is made by law;

(3) income to the University of Minnesota;

(4) income to revolving funds now established in institutions under the control of the commissioners of corrections or human services;

(5) investment earnings resulting from the master lease program, except that the amount credited to another fund or account may not exceed the amount of the additional expense incurred by that fund or account through participation in the master lease program;

(6) receipts from the operation of patients' and inmates' stores and vending machines, which shall be deposited in the social welfare fund in each institution for the benefit of the patients and inmates;

(7) money received in payment for services of inmate labor employed in the industries carried on in the state correctional facilities which receipts shall be credited to the current expense fund of those facilities;

(8) as provided in sections 16B.57 and 85.22;

(9) income to the Minnesota historical society; ~~or~~

(10) the percent of income collected by a private collection agency and retained by the collection agency as its collection fee; or

(11) as otherwise provided by law.

Sec. 3. Minnesota Statutes 1994, section 16D.02, subdivision 6, is amended to read:

Subd. 6. [REFERRING AGENCY.] "Referring agency" means a state agency~~, the University of Minnesota,~~ or a court that has entered into a debt qualification plan with the commissioner to refer debts to the commissioner for collection.

Sec. 4. Minnesota Statutes 1994, section 16D.02, is amended by adding a subdivision to read:

Subd. 8. [ENTERPRISE.] "Enterprise" means the Minnesota collection enterprise, a separate unit established to carry out the provisions of this chapter, pursuant to the commissioner's authority to contract with the commissioner of revenue for collection services under section 16D.04, subdivision 1.

Sec. 5. Minnesota Statutes 1994, section 16D.04, subdivision 1, is amended to read:

Subdivision 1. [DUTIES.] The commissioner shall provide services to the state and its agencies to collect debts owed the state. The commissioner is not a collection agency as defined by section 332.31, subdivision 3, and is not licensed, bonded, or regulated by the commissioner of commerce under sections 332.31 to 332.35 or 332.38 to 332.45. The commissioner is subject to section 332.37, except clause (9) or (10). The commissioner may contract with the commissioner of revenue for collection services, and may delegate to the commissioner of revenue any of the commissioner's duties and powers under this chapter. Debts referred to the commissioner of revenue for collection under this section or section 256.9792 may in turn be referred by the

commissioner of revenue to the enterprise. An audited financial statement may not be required as a condition of debt placement with a private agency if the private agency: (1) has errors and omissions coverage under a professional liability policy in an amount of at least $1,000,000; or (2) has a fidelity bond to cover actions of its employees, in an amount of at least $100,000. In cases of debts referred under section 256.9792, the provisions of this chapter and section 256.9792 apply to the extent they are not in conflict. If they are in conflict, the provisions of section 256.9792 control. For purposes of this chapter, the referring agency for such debts remains the department of human services.

Sec. 6. Minnesota Statutes 1994, section 16D.04, subdivision 3, is amended to read:

Subd. 3. [SERVICES.] The commissioner shall provide collection services for a state agency, and may provide for collection services for ~~the University of Minnesota or~~ a court, in accordance with the terms and conditions of a signed debt qualification plan.

Sec. 7. Minnesota Statutes 1994, section 16D.06, is amended to read:

16D.06 [DEBTOR INFORMATION.]

Subdivision 1. [ACCESS TO GOVERNMENT DATA NOT PUBLIC.] Notwithstanding chapter 13 or any other state law classifying or restricting access to government data, upon request from the commissioner or the attorney general, state agencies, political subdivisions, and statewide systems shall disseminate not public data to the commissioner or the attorney general for the sole purpose of collecting debt. Not public data disseminated under this subdivision is limited to financial data of the debtor or data related to the location of the debtor or the assets of the debtor.

Subd. 2. [DISCLOSURE OF DATA.] Data received, collected, created, or maintained by the commissioner or the attorney general to collect debts are classified as private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9. The commissioner or the attorney general may disclose not public data:

(1) under section 13.05;

(2) under court order;

(3) under a statute specifically authorizing access to the not public data;

(4) to provide notices required or permitted by statute;

(5) to an agent of the commissioner, including a law enforcement person, attorney, or investigator acting for the commissioner in the investigation or prosecution of a criminal or civil proceeding relating to collection of a debt;

(6) to report names of debtors, amount of debt, date of debt, and the agency to whom debt is owed to credit bureaus and private collection agencies under contract with the commissioner; ~~and~~

(7) when necessary to locate the debtor, locate the assets of the debtor, or to enforce or implement the collection of a debt; and

(8) to the commissioner of revenue for tax administration purposes.

The commissioner and the attorney general may not disclose data that is not public to a private collection agency or other entity with whom the commissioner has contracted under section 16D.04, subdivision 4, unless disclosure is otherwise authorized by law.

Sec. 8. Minnesota Statutes 1994, section 16D.08, subdivision 2, is amended to read:

Subd. 2. [POWERS.] In addition to the collection remedies available to private collection agencies in this state, the commissioner, with legal assistance from the attorney general, may utilize any statutory authority granted to a referring agency for purposes of collecting debt owed to that referring agency. The commissioner may also use the tax collection remedies of the commissioner of revenue in sections 270.06, clauses (7) and (17), excluding the power to subpoena witnesses; 270.66; 270.69, excluding subdivisions 7 and 13; 270.70, excluding subdivision 14; 270.7001 to 270.72; and 290.92, subdivision 23, except that a continuous wage

levy under section 290.92, subdivision 23, is only effective for 70 days, unless no competing wage garnishments, executions, or levies are served within the 70-day period, in which case a wage levy is continuous until a competing garnishment, execution, or levy is served in the second or a succeeding 70-day period, in which case a continuous wage levy is effective for the remainder of that period. A debtor who qualifies for cancellation of the collection penalty under section 16D.11, subdivision 3, clause (1), can apply to the commissioner for reduction or release of a continuous wage levy, if the debtor establishes that the debtor needs all or a portion of the wages being levied upon to pay for essential living expenses, such as food, clothing, shelter, medical care, or expenses necessary for maintaining employment. The commissioner's determination not to reduce or release a continuous wage levy is appealable to district court. The word "tax" or "taxes" when used in the tax collection statutes listed in this subdivision also means debts referred under this chapter. For debts other than state taxes or child support, before any of the tax collection remedies listed in this subdivision can be used, except for the remedies in section 270.06, clauses (7) and (17), if the referring agency has not already obtained a judgment or filed a lien, the commissioner must first obtain a judgment against the debtor.

Sec. 9. [16D.11] [COLLECTION PENALTY.]

Subdivision 1. [IMPOSITION.] As determined by the commissioner, a penalty shall be added to the debts referred to the commissioner or private collection agency for collection. The penalty is collectible by the commissioner or private agency from the debtor at the same time and in the same manner as the referred debt. The referring agency shall advise the debtor of the penalty under this section and the debtor's right to cancellation of the penalty under subdivision 3 at the time the agency sends notice to the debtor under section 16D.07. If the commissioner or private agency collects an amount less than the total due, the payment is applied proportionally to the penalty and the underlying debt. Penalties collected by the commissioner under this subdivision or retained under subdivision 6 shall be deposited in the general fund as nondedicated receipts. Penalties collected by private agencies are appropriated to the referring agency to pay the collection fees charged by the private agency. Penalty collections in excess of collection agency fees must be deposited in the general fund as nondedicated receipts.

Subd. 2. [COMPUTATION.] Beginning July 1, 1995, at the time a debt is referred, the amount of the penalty is equal to 15 percent of the debt, or 25 percent of the debt remaining unpaid if the commissioner or private collection agency has to take enforced collection action by serving a summons and complaint on or entering judgment against the debtor, or by utilizing any of the remedies authorized under section 16D.08, subdivision 2, except for the remedies in sections 270.06, clause (7), and 270.66 or when referred by the commissioner for additional collection activity by a private collection agency. If, after referral of a debt to a private collection agency, the debtor requests cancellation of the penalty under subdivision 3, the debt must be returned to the commissioner for resolution of the request.

Subd. 3. [CANCELLATION.] The penalty imposed under subdivision 1 shall be canceled and subtracted from the amount due if:

(1) the debtor's household income as defined in section 290A.03, subdivision 5, excluding the exemption subtractions in subdivision 3, paragraph (3) of that section, for the 12 months preceding the date of referral is less than twice the annual federal poverty guideline under United States Code, title 42, section 9902, subsection (2);

(2) within 60 days after the first contact with the debtor by the enterprise or collection agency, the debtor establishes reasonable cause for the failure to pay the debt prior to referral of the debt to the enterprise;

(3) a good faith dispute as to the legitimacy or the amount of the debt is made, and payment is remitted or a payment agreement is entered into within 30 days after resolution of the dispute;

(4) good faith litigation occurs and the debtor's position is substantially justified, and if the debtor does not totally prevail, the debt is paid or a payment agreement is entered into within 30 days after the judgment becomes final and nonappealable; or

(5) penalties have been added by the referring agency and are included in the amount of the referred debt.

Subd. 4. [APPEAL.] Decisions of the commissioner denying an application to cancel the penalty under subdivision 3 are subject to the contested case procedure under chapter 14.

Subd. 5. [REFUND.] If a penalty is collected and then canceled, the amount of the penalty shall be refunded to the debtor within 30 days. The amount necessary to pay the refunds is annually appropriated to the commissioner.

Subd. 6. [CHARGE TO REFERRING AGENCY.] If the penalty is canceled under subdivision 3, an amount equal to the penalty is retained by the commissioner from the debt collected, and is accounted for and subject to the same provisions of this chapter as if the penalty had been collected from the debtor.

Subd. 7. [ADJUSTMENT OF RATE.] By June 1 of each year, the commissioner shall determine the rate of the penalty for debts referred to the enterprise during the next fiscal year. The rate is a percentage of the debts in an amount that most nearly equals the costs of the enterprise necessary to process and collect referred debts under this chapter. In no event shall the rate of the penalty when a debt is first referred exceed three-fifths of the maximum penalty, and in no event shall the rate of the maximum penalty exceed 25 percent of the debt. Determination of the rate of the penalty under this section is not rulemaking under chapter 14, and is not subject to the fee setting requirements of section 16A.1285.

Sec. 10. [16D.12] [PAYMENT OF COLLECTION AGENCY FEES.]

Unless otherwise expressly prohibited by law, a state agency may pay for the services of a state or private collection agency from the money collected. The portion of the money collected which must be paid to the collection agency as its collection fee is appropriated from the fund to which the collected money is due.

Sec. 11. [16D.13] [INTEREST.]

Subdivision 1. [AUTHORITY.] Unless otherwise provided by contract out of which the debt arises or by state or federal law, a state agency shall charge simple interest on debts owed to the state at the rate provided in subdivision 2 if notice has been given in accordance with this subdivision. Interest charged under this section begins to accrue on the 30th calendar day following the state agency's first written demand for payment that includes notification to the debtor that interest will begin to accrue on the debt in accordance with this section.

Subd. 2. [COMPUTATION.] Notwithstanding chapter 334, the rate of interest is the rate determined by the state court administrator under section 549.09, subdivision 1, paragraph (c).

Subd. 3. [EXCLUSION.] A state agency may not charge interest under this section on overpayments of assistance benefits under sections 256.031 to 256.0361, 256.72 to 256.87, chapters 256D and 256I, or the federal food stamp program. Notwithstanding this prohibition, any debts that have been reduced to judgment under these programs are subject to the interest charges provided under section 549.09.

Sec. 12. [16D.14] [VENUE.]

Subdivision 1. [AUTHORIZATION.] The commissioner or the attorney general may bring an action to recover debts owed to the state in Ramsey county district court or Ramsey county conciliation court at the discretion of the state. In order to bring a cause of action under this section in any county other than the county where the debtor resides or where the cause of action arose, the commissioner or the attorney general must notify the debtor as provided in subdivisions 2 to 4, unless that venue is authorized by other law.

Subd. 2. [CONCILIATION COURT; CLAIMS FOR $2,500 OR LESS.] (a) Before bringing a conciliation court action for a claim for $2,500 or less under this section in any county other than where the debtor resides or where the cause of action arose, the commissioner or the attorney general shall send a form by first class mail to the debtor's last known address notifying the debtor of the intent to bring an action in Ramsey county. The commissioner or attorney general must enclose a form for the debtor to use to request that the action not be brought in Ramsey county and a self-addressed, postage paid envelope. The form must advise the debtor of the right to request that the action not be brought in Ramsey county and that the debtor has 30 days from the date of the form to make this request.

(b) If the debtor timely returns the form requesting the action not be brought in Ramsey county, the commissioner or attorney general may only file the action in the county of the debtor's residence, the county where the cause of action arose, or as provided by other law. The commissioner or attorney general shall notify the debtor of the action taken. If the debtor does not timely return the form, venue is as chosen by the commissioner or attorney general as authorized under this section.

(c) If a judgment is obtained in Ramsey county conciliation court when the form was sent by first class mail under this subdivision and the debtor reasonably demonstrates that the debtor did not reside at the address where the form was sent or that the debtor did not receive the form, the commissioner or the attorney general shall vacate the judgment without prejudice and return any funds collected as a result of enforcement of the judgment. Evidence of the debtor's correct address include, but are not limited to, a driver's license, homestead declaration, school registration, utility bills, or a lease or rental agreement.

Subd. 3. [CONCILIATION COURT CLAIMS EXCEEDING $2,500.] (a) In order to bring a conciliation court claim that exceeds $2,500 under this section in a county other than where the debtor resides or where the cause of action arose, the commissioner or the attorney general shall serve with the conciliation court claim a change of venue form for the debtor to use to request that venue be changed and a self-addressed, postage paid return envelope. This form must advise the debtor that the form must be returned within 30 days of the date of service or venue will remain in Ramsey county.

(b) If the debtor timely returns the change of venue form requesting a change of venue, the commissioner or attorney general shall change the venue of the action to the county of the debtor's residence, the county where the cause of action arose, as provided by other law, or dismiss the action. The commissioner or attorney general must notify the debtor of the action taken. If the debtor does not timely return the form, venue is as chosen by the commissioner or attorney general as authorized under this section. The commissioner or the attorney general shall file the signed return receipt card or the proof of service with the court.

Subd. 4. [DISTRICT COURT.] (a) In order to bring a district court action under this section in any county other than where the debtor resides or where the cause of action arose, the commissioner or attorney general shall serve the change of venue form with the summons and complaint or petition commencing the collection action. Two copies of the form must be served along with a self-addressed, postage paid return envelope. The form must advise the debtor that the form must be returned within 20 days of the date of service or venue will remain in Ramsey county. If the debtor timely returns the change of venue form, the time to answer the summons and complaint or petition runs from the date of debtor's request for change of venue.

(b) If the debtor timely returns the change of venue form requesting that the action not be brought in Ramsey county, the commissioner or attorney general shall change the venue of the action to the county of the debtor's residence, the county where the cause of action arose, as provided by other law, or dismiss the action. The commissioner or attorney general shall notify the debtor of the action taken. If the debtor is served the form to change venue along with the district court summons and complaint or petition, in accordance with court rules, but does not return the form within the statutory timelines, venue is as chosen by the commissioner or attorney general as authorized under this section. The commissioner or attorney general shall file the proof of service along with the summons and complaint or petition commencing the lawsuit.

Subd. 5. [FEES.] No court filing fees, docketing fees, or release of judgment fees may be assessed against the state for collection actions filed under this chapter.

Sec. 13. [16D.15] [COMPROMISE OF DEBT.]

Unless expressly prohibited by other federal or state law, a state agency may compromise debts owed to the state, whether reduced to judgment or not, where the state agency determines that it is in the best interests of the state to do so.

Sec. 14. [16D.16] [SETOFFS.]

Subdivision 1. [AUTHORIZATION.] The commissioner or a state agency may automatically

deduct the amount of a debt owed to the state from any state payment due to the debtor, except tax refunds, earned income tax credit, child care tax credit, prejudgment debts of $5,000 or less, funds exempt under section 550.37, or funds owed an individual who receives assistance under the provisions of chapter 256 are not subject to setoff under this chapter. If a debtor has entered into a written payment plan with respect to payment of a specified debt, the right of setoff may not be used to satisfy that debt. Notwithstanding section 181.79, the state may deduct from the wages due or earned by a state employee to collect a debt, subject to the limitations in section 571.922.

Subd. 2. [NOTICE AND HEARING.] Before setoff, the commissioner or state agency shall mail written notice by certified mail to the debtor, addressed to the debtor's last known address, that the commissioner or state agency intends to set off a debt owed to the state by the debtor against future payments due the debtor from the state. For debts owed to the state that have not been reduced to judgment, if no opportunity to be heard or administrative appeal process has yet been made available to the debtor to contest the validity or accuracy of the debt, before setoff for a prejudgment debt, the notice to the debtor must advise that the debtor has a right to make a written request for a contested case hearing on the validity of the debt or the right to setoff. The debtor has 30 days from the date of that notice to make a written request for a contested case hearing to contest the validity of the debt or the right to setoff. The debtor's request must state the debtor's reasons for contesting the debt or the right to setoff. If the commissioner or state agency desires to pursue the right to setoff following receipt of the debtor's request for a hearing, the commissioner or state agency shall schedule a contested case hearing within 30 days of the receipt of the request for the hearing. If the commissioner or state agency decides not to pursue the right to setoff, the debtor must be notified of that decision.

Sec. 15. Minnesota Statutes 1994, section 491A.02, subdivision 4, is amended to read:

Subd. 4. [REPRESENTATION.] (a) A corporation, partnership, limited liability company, sole proprietorship, or association may be represented in conciliation court by an officer, manager, or partner or an agent in the case of a condominium, cooperative, or townhouse association, or may appoint a natural person who is an employee or commercial property manager to appear on its behalf or settle a claim in conciliation court. The state or a political subdivision of the state may be represented in conciliation court by an employee of the pertinent governmental unit without a written authorization. ~~This~~ Representation under this subdivision does not constitute the practice of law for purposes of section 481.02, subdivision 8. In the case of an officer, employee, commercial property manager, or agent of a condominium, cooperative, or townhouse association, an authorized power of attorney, corporate authorization resolution, corporate bylaw, or other evidence of authority acceptable to the court must be filed with the claim or presented at the hearing. This subdivision also applies to appearances in district court by a corporation or limited liability company with five or fewer shareholders or members and to any condominium, cooperative, or townhouse association, if the action was removed from conciliation court.

(b) "Commercial property manager" means a corporation, partnership, or limited liability company or its employees who are hired by the owner of commercial real estate to perform a broad range of administrative duties at the property including tenant relations matters, leasing, repairs, maintenance, the negotiation and resolution of tenant disputes, and related matters. In order to appear in conciliation court, a property manager's employees must possess a real estate license under section 82.20 and be authorized by the owner of the property to settle all disputes with tenants and others within the jurisdictional limits of conciliation court.

(c) A commercial property manager who is appointed to settle a claim in conciliation court may not charge or collect a separate fee for services rendered under paragraph (a).

Sec. 16. [PILOT PROGRAM.]

The commissioner of finance shall initiate a pilot program to compare effectiveness and efficiencies of the Minnesota collection enterprise and private collection agencies. The commissioner shall issue a request for proposals and place at least $35,000,000 of state debt with private collection agencies licensed by the commissioner of commerce under Minnesota Statutes, chapter 332 no later than January 1, 1996. For purposes of conducting this pilot, at least one-half of the private collection agencies selected must not be currently under contract with the commissioner. In placing debt with private collection agencies, the commissioner must consider

the following factors in comparison to the enterprise: age and size of the debt, type of debt, and direct and indirect costs of collecting the debt. The commissioner shall report back to the legislature by February 1, 1997.

Sec. 17. [EFFECTIVE DATE.]

Sections 1, 3 to 7, 13, 15, and 16 are effective the day following final enactment. Section 8 is effective for debts previously referred or referred on or after the day following final enactment. Section 9 is effective for debts referred on or after July 1, 1995."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; amending Minnesota Statutes 1994, sections 3.85, subdivision 12; 3.9741, subdivision 2, as amended; 3C.02, by adding a subdivision; 7.09, subdivision 1; 8.16, by adding a subdivision; 15.061; 15.415; 15.50, subdivision 2; 15.91, subdivision 2; 16A.11, by adding a subdivision; 16A.127, subdivision 8; 16A.129, subdivision 3; 16A.28, subdivisions 5 and 6; 16A.40; 16A.57; 16A.72; 16B.06, by adding a subdivision; 16B.17; 16B.19, subdivisions 2 and 10; 16B.42, subdivision 3; 16B.59; 16B.60, subdivisions 1 and 4; 16B.61, subdivisions 1, 2, and 5; 16B.63, subdivision 3; 16B.65, subdivisions 1, 3, 4, and 7; 16B.67; 16B.70; 16B.75; 16B.88, subdivisions 1, 2, 3, and 4; 16D.02, subdivision 6, and by adding a subdivision; 16D.04, subdivisions 1 and 3; 16D.06; 16D.08, subdivision 2; 43A.27, subdivisions 2 and 3; 115C.02, by adding a subdivision; 115C.08, subdivisions 1, 2, and 4; 116G.15; 197.05; 240.155, subdivision 1; 240.24, subdivision 3; 240A.08; 240A.09; 240A.10; 349.151, subdivision 4b; 349A.02, subdivision 1; 349A.03, by adding a subdivision; 349A.04; 349A.05; 349A.06, subdivision 2; 349A.08, subdivisions 5 and 7; 349A.10, by adding a subdivision; 349A.11; 349A.12, subdivision 4; 352.15, subdivision 3; 366.10; 366.12; 366.16; 394.33, subdivision 2; 394.361, subdivision 3; 462.358, subdivisions 2a, 2b, and 9; 462.359, subdivision 4; and 491A.02, subdivision 4; Laws 1991, chapter 235, article 5, section 3; proposing coding for new law in Minnesota Statutes, chapters 3; 16A; 16B; 16D; and 43A; repealing Minnesota Statutes 1994, sections 115C.02, subdivision 1a; 349A.01, subdivision 2; and 349A.02, subdivision 8."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Richard J. Cohen, Gene Merriam, Phil J. Riveness, Dennis R. Frederickson, James P. Metzen

House Conferees: (Signed) Tom Rukavina, Richard H. Jefferson, Bob Johnson, Phyllis Kahn, Jim Rostberg

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1678 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1678 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 37 and nays 25, as follows:

Those who voted in the affirmative were:

Beckman	Hottinger	Laidig	Oliver	Samuelson
Belanger	Janezich	Lessard	Pappas	Solon
Chandler	Johnson, D.E.	Merriam	Piper	Spear
Cohen	Johnson, J.B.	Metzen	Price	Terwilliger
Day	Kelly	Moe, R.D.	Ranum	Wiener
Flynn	Knutson	Mondale	Reichgott Junge	
Frederickson	Krentz	Morse	Riveness	
Hanson	Kroening	Novak	Sams	

Those who voted in the negative were:

Anderson	Finn	Larson	Neuville	Runbeck
Berg	Johnston	Lesewski	Olson	Scheevel
Berglin	Kiscaden	Limmer	Ourada	Stevens
Bertram	Kleis	Marty	Pariseau	Stumpf
Betzold	Kramer	Murphy	Robertson	Vickerman

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1019 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1019

A bill for an act relating to metropolitan government; establishing the metropolitan livable communities fund and providing for fund distribution; reducing the levy authority of the metropolitan mosquito control commission; providing for certain revenue sharing; regulating employee layoffs by the metropolitan mosquito control district; authorizing an economic vitality and housing initiative; amending Minnesota Statutes 1994, sections 116J.552, subdivision 2; 116J.555, subdivision 2; 116J.556; 473.167, subdivisions 2, 3, and by adding a subdivision; 473.711, subdivision 2; and 473F.08, subdivisions 3a, 5, 7a, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1994, sections 473.704, subdivision 15; 504.33; 504.34; and 504.35.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1019, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1019 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

METROPOLITAN LIVABLE COMMUNITIES ACT

Section 1. [473.25] [LIVABLE COMMUNITIES CRITERIA AND GUIDELINES.]

(a) The council shall establish criteria for uses of the fund provided in section 473.251 that are consistent with and promote the purposes of this article and the policies of the metropolitan development guide adopted by the council including, but not limited to:

(1) helping to change long-term market incentives that adversely impact creation and preservation of living-wage jobs in the fully developed area;

(2) creating incentives for developing communities to include a full range of housing opportunities;

(3) creating incentives to preserve and rehabilitate affordable housing in the fully developed area; and

(4) creating incentives for all communities to implement compact and efficient development.

(b) The council shall establish guidelines for the livable community demonstration account for

projects that the council would consider funding with either grants or loans. The guidelines must provide that the projects will:

(1) interrelate development or redevelopment and transit;

(2) interrelate affordable housing and employment growth areas;

(3) intensify land use that leads to more compact development or redevelopment;

(4) involve development or redevelopment that mixes incomes of residents in housing, including introducing or reintroducing higher value housing in lower income areas to achieve a mix of housing opportunities; or

(5) encourage public infrastructure investments which connect urban neighborhoods and suburban communities, attract private sector redevelopment investment in commercial and residential properties adjacent to the public improvement, and provide project area residents with expanded opportunities for private sector employment.

(c) The council shall establish guidelines governing who may apply for a grant or loan from the fund, providing priority for proposals using innovative partnerships between government, private for-profit, and nonprofit sectors.

(d) The council shall prepare an annual plan for distribution of the fund based on the criteria for project and applicant selection.

(e) The council shall prepare and submit to the legislature, as provided in section 3.195, an annual report on the metropolitan livable communities fund. The report must include information on the amount of money in the fund, the amount distributed, to whom the funds were distributed and for what purposes, and an evaluation of the effectiveness of the projects funded in meeting the policies and goals of the council. The report may make recommendations to the legislature on changes to this act.

Sec. 2. [473.251] [METROPOLITAN LIVABLE COMMUNITIES FUND.]

The metropolitan livable communities fund is created and consists of the following accounts:

(1) the tax base revitalization account;

(2) the livable communities demonstration account; and

(3) the local housing incentives account.

Sec. 3. [473.252] [TAX BASE REVITALIZATION ACCOUNT.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "municipality" means a statutory or home rule charter city or town participating in the local housing incentives program under section 473.254, or a county in the metropolitan area.

Subd. 2. [SOURCES OF FUNDS.] The council shall credit to the tax base revitalization account within the fund the amount, if any, provided for under section 473.167, subdivision 3a, paragraph (b), and the amount, if any, distributed to the council under section 473F.08, subdivision 3b.

Subd. 3. [DISTRIBUTION OF FUNDS.] (a) The council must use the funds in the account to make grants to municipalities for the cleanup of polluted land in the metropolitan area. A grant to a metropolitan county must be used for a project in a participating municipality. The council shall prescribe and provide the grant application form to municipalities. The council must consider the probability of funding from other sources when making grants under this section.

(b)(1) The legislature expects that applications for grants will exceed the available funds and the council will be able to provide grants to only some of the applicant municipalities. If applications for grants for qualified sites exceed the available funds, the council shall make grants that provide the highest return in public benefits for the public costs incurred, that encourage commercial and industrial development that will lead to the preservation or growth of living-wage jobs and that enhance the tax base of the recipient municipality.

(2) In making grants, the council shall establish regular application deadlines in which grants will be awarded from the available money in the account. If the council provides for application cycles of less than six-month intervals, the council must reserve at least 40 percent of the receipts of the account for a year for application deadlines that occur in the second half of the year. If the applications for grants exceed the available funds for an application cycle, no more than one-half of the funds may be granted to projects in a statutory or home rule charter city and no more than three-quarters of the funds may be granted to projects located in cities of the first class.

(c) A municipality may use the grant to provide a portion of the local match requirement for project costs that qualify for a grant under sections 116J.551 to 116J.557.

Sec. 4. [473.253] [LIVABLE COMMUNITIES DEMONSTRATION ACCOUNT.]

Subdivision 1. [SOURCES OF FUNDS.] The council shall credit to the livable communities demonstration account the revenues provided in this subdivision. This tax shall be levied and collected in the manner provided by section 473.13. The levy shall not exceed the following amount for the years specified:

(a)(1) for taxes payable in 1996, 50 percent of (i) the metropolitan mosquito control commission's property tax levy for taxes payable in 1995 multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current taxes payable year divided by the total market valuation of all taxable property located in the metropolitan area for the previous taxes payable year; and

(2) for taxes payable in 1997 and subsequent years, the product of (i) the property tax levy limit under this subdivision for the previous year multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current taxes payable year divided by the total market valuation of all taxable property located in the metropolitan area for the previous taxes payable year.

For the purposes of this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan area without valuation adjustments for fiscal disparities under chapter 473F, tax increment financing under sections 469.174 to 469.179, and high voltage transmission lines under section 273.425.

(b) The metropolitan council, for the purposes of the fund, is considered a unique taxing jurisdiction for purposes of receiving aid pursuant to section 273.1398. For aid to be received in 1996, the fund's homestead and agricultural credit base shall equal 50 percent of the metropolitan mosquito control commission's certified homestead and agricultural credit aid for 1995, determined under section 273.1398, subdivision 2, less any permanent aid reduction under section 477A.0132. For aid to be received under section 273.1398 in 1997 and subsequent years, the fund's homestead and agricultural credit base shall be determined in accordance with section 273.1398, subdivision 1.

Subd. 2. [DISTRIBUTION OF FUNDS.] The council shall use the funds in the livable communities demonstration account to make grants or loans to municipalities participating in the local housing incentives program under section 473.254 or to metropolitan area counties to fund the initiatives specified in section 473.25, paragraph (b), in participating municipalities.

Sec. 5. [473.254] [LOCAL HOUSING INCENTIVES ACCOUNT.]

Subdivision 1. [PARTICIPATION.] (a) By November 15 of each year, a municipality may elect to participate in the local housing incentive account program. If a municipality does not elect to participate for the year, it is not subject to this section. For purposes of this section, municipality means a municipality electing to participate in the local housing incentive account program, unless the context indicates otherwise.

(b) A municipality that elects to participate may receive grants or loans from the tax base revitalization account, livable communities demonstration account, or the local housing incentive account. A municipality that does not participate is not eligible to receive a grant under sections 116J.551 to 116J.557. The council, when making discretionary funding decisions, shall give consideration to a municipality's participation in the local housing incentives program.

Subd. 2. [AFFORDABLE AND LIFE-CYCLE HOUSING GOALS.] The council shall negotiate with each municipality to establish affordable and life-cycle housing goals for that municipality that are consistent with and promote the policies of the metropolitan council as provided in the adopted metropolitan development guide. The council shall adopt, by resolution after a public hearing, the negotiated affordable and life-cycle housing goals for each municipality by January 15, 1996. By June 30, 1996, each municipality shall identify to the council the actions it plans to take to meet the established housing goals.

Subd. 3. [AFFORDABLE AND LIFE-CYCLE HOUSING OPPORTUNITIES AMOUNT.] (1) By July 1, 1996, each county assessor shall certify each municipality's average residential homestead limited market value for the 1994 assessment year, including the value of the farm house, garage, and one acre only in the case of farm homesteads, multiplied by a factor of two, as the municipality's "market value base amount." For 1997 and thereafter, the "market value base amount" shall be equal to the product of (i) the market value base amount for the previous year multiplied by (ii) the annual average United States Consumer Price Index for all urban consumers, United States average, as determined by the United States Department of Labor, for the previous year divided by that annual average for the year before the previous year.

(2) By July 1, 1996, and each succeeding year the county assessor shall determine which homesteads have market values in excess of the municipality's market value base amount and the county auditor shall certify the aggregate net tax capacity corresponding to the amount by which those homesteads' market values exceed the municipality's market value base amount as the "net tax capacity excess amount" for the assessment year corresponding to the current taxes payable year. By July 1, 1996, the county auditor shall also certify the net tax capacity excess amount for taxes payable in 1995.

(3) By July 1, 1996, and each succeeding year, the county auditor shall also certify each municipality's local tax rate for the current taxes payable year.

(4) By July 1, 1996, and each succeeding year, the county auditor shall certify for each municipality the amount equal to four percent of the municipality's current year total residential homestead tax capacity multiplied by the local tax rate.

(5) By August 1, 1996, and each succeeding year, the metropolitan council shall notify each municipality of its "affordable and life-cycle housing opportunities amount" for the following calendar year equal to the lesser of the amount certified under clause (4) or the amount, if any, by which the net tax capacity excess amount for the current year exceeds the amount for taxes payable in 1995, multiplied by the municipality's local tax rate certified in clause (3).

Subd. 4. [AFFORDABLE AND LIFE-CYCLE HOUSING REQUIREMENT.] (a) A municipality that is determined by the council to have met its affordable and life-cycle housing goals in the previous calendar year may retain the amount calculated under subdivision 3 to maintain existing affordable and life-cycle housing.

(b) In 1998, and thereafter, a municipality that is determined by the council not to have met the affordable and life-cycle housing goals in the previous calendar year, as negotiated and agreed to with the council, and not to have spent 85 percent of its affordable and life-cycle housing opportunities amount to create affordable and life-cycle housing opportunities in the previous calendar year must do one of the following with the affordable and life-cycle housing opportunities amount for the previous year as determined under subdivision 3:

(1) distribute it to the local housing incentives account; or

(2) distribute it to the housing and redevelopment authority of the city or county in which the municipality is located to create affordable and life-cycle housing opportunities in the municipality.

A municipality may enter into agreements with adjacent municipalities to cooperatively provide affordable and life-cycle housing. The housing may be provided in any of the cooperating municipalities, but must meet the combined housing goals of each participating municipality.

Subd. 5. [SOURCES OF FUNDS.] (a) The council shall credit to the local housing incentives account any revenues derived from municipalities under subdivision 4, paragraph (b), clause (1).

(b) The council shall credit $1,000,000 of the proceeds of solid waste bonds issued by the council under Minnesota Statutes, section 473.831, before its repeal, to the local housing incentives account in the metropolitan livable communities fund. In 1998 and each year thereafter, the council shall credit $1,000,000 of the revenues generated by the levy authorized in section 473.249 to the local housing incentives account.

(c) In 1997, and each year thereafter, the council shall transfer $500,000 from the livable communities demonstration account to the local housing incentives account.

Subd. 6. [DISTRIBUTION OF FUNDS.] The funds in the account must be distributed annually by the council to municipalities that:

(1) have not met their affordable and life-cycle housing goals as determined by the council; and

(2) are actively funding projects designed to help meet the goals.

The funds distributed by the council must be matched on a dollar-for-dollar basis by the municipality receiving the funds. When distributing funds in the account, the council must give priority to those municipalities that (1) have contribution net tax capacities that exceed their distribution net tax capacities by more than $200 per household, (2) demonstrate the proposed project will link employment opportunities with affordable and life-cycle housing, and (3) provide matching funds from a source other than the required amount under subdivision 3. For the purposes of this subdivision, "municipality" means a statutory or home rule charter city or town in the metropolitan area.

Subd. 7. [REPORTING REQUIREMENT.] Beginning January 15, 1998, and annually thereafter, each municipality must report to the council the following:

(1) the tax revenues defined in subdivision 3 that were levied in the prior year;

(2) the portion of the revenues that were spent on meeting the municipality's affordable and life-cycle housing goals; and

(3) information on how the expenditures directly support the municipality's efforts to meet its affordable and life-cycle housing goals.

The council shall verify each municipality's compliance with this subdivision.

Subd. 8. [LATER ELECTION TO PARTICIPATE.] If a municipality did not participate for one or more years and elects later to participate, the municipality must establish that it has spent or agrees to spend on affordable and life-cycle housing, or agrees to distribute to the local housing incentives account, an amount equivalent to what it would have spent on affordable and life-cycle housing had goals been established under this section for the period in which it was not participating. The council will determine which investments count toward the required cumulative investment amount by comparing the municipality to participating municipalities similar in terms of stage of development and demographics. If it determines it to be in the best interests of the region, the council may waive a reasonable portion of the cumulative investment amount.

Subd. 9. [REPORT TO THE LEGISLATURE.] By February 1 of each year, the council must report to the legislature the municipalities that have elected to participate and not to participate under subdivision 1. This report must be filed as provided in section 3.195.

Subd. 10. [COMPREHENSIVE REPORT CARD ON AFFORDABLE AND LIFE CYCLE HOUSING.] The metropolitan council shall present to the legislature and release to the public by November 15, 1996, and each year thereafter a comprehensive report card on affordable and life cycle housing in each municipality in the metropolitan area. The report card must include information on government, nonprofit, and marketplace efforts.

Sec. 6. [PROGRAM EVALUATION.]

The metropolitan council shall submit a report to the legislature by January 15, 2003, evaluating the metropolitan livable communities act. The report must include an accounting of the funds credited to the tax base revitalization account, the livable communities demonstration

account, and the local housing incentives account, a summary of how the funds were spent, an analysis of the costs and benefits of the program, and recommendations for future legislative action regarding the program.

Sec. 7. [2020 REPORT.]

The metropolitan council shall report to the legislature by January 15, 1996, on the probable development patterns in and affecting the metropolitan area by the year 2020 under various scenarios, including the present course of growth versus directed, compact, and efficient development. The report should consider impacts on the greater metropolitan region, including within it counties in which five percent or more of residents commute to employment in the present metropolitan region or which are part of the metropolitan area as defined by the U.S. Department of Commerce Standard Metropolitan Statistical Area.

Sec. 8. [APPLICATION.]

This article applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 9. [EFFECTIVE DATE.]

This article is effective the day after final enactment. Section 4 is effective for taxes levied in 1995 and payable in 1996, and subsequent years.

ARTICLE 2

MISCELLANEOUS AMENDMENTS

Section 1. Minnesota Statutes 1994, section 116J.552, subdivision 2, is amended to read:

Subd. 2. [CLEANUP COSTS.] "Cleanup costs" or "costs" ~~mean~~ means the ~~cost~~ costs of developing and implementing ~~an approved~~ a response action plan, but does not include implementation costs incurred before the award of a grant unless the application for the grant was submitted within 180 days after the response action plan was approved by the commissioner of the pollution control agency.

Sec. 2. Minnesota Statutes 1994, section 116J.555, subdivision 2, is amended to read:

Subd. 2. [APPLICATION CYCLES; REPORTING TO LCWM.] (a) In making grants, the commissioner shall establish ~~regular~~ semiannual application deadlines in which grants will be authorized from all or part of the available appropriations of money in the account.

(b) After each semiannual cycle in which grants are awarded, the commissioner shall report to the legislative commission on waste management the grants awarded and appropriate supporting information describing each grant made. This report must be made within 30 days after the grants are awarded.

(c) The commissioner shall annually report to the legislative commission on the status of the cleanup projects undertaken under grants made under the programs. The commissioner shall include in the annual report information on the cleanup and development activities undertaken for the grants made in that and previous fiscal years. The commissioner shall make this report no later than 120 days after the end of the fiscal year.

Sec. 3. Minnesota Statutes 1994, section 116J.554, is amended by adding a subdivision to read:

Subd. 1a. [METROPOLITAN LIVABLE COMMUNITIES.] The commissioner may not make a grant to a municipality in the metropolitan area unless it is participating in the local housing incentives program under section 473.254.

Sec. 4. Minnesota Statutes 1994, section 116J.556, is amended to read:

116J.556 [LOCAL MATCH REQUIREMENT.]

(a) In order to qualify for a grant under sections 116J.551 to 116J.557, the municipality must pay for at least one-half of the project costs as a local match. The municipality shall pay an

amount of the project costs equal to at least ~~18~~ 12 percent of the cleanup costs from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality (excluding tax increments). These unrestricted moneys may be spent for project costs, other than cleanup costs, and qualify for the local match payment equal to ~~18~~ 12 percent of cleanup costs. The rest of the local match may be paid with tax increments, regional, state, or federal money available for the redevelopment of brownfields or any other money available to the municipality.

(b) If the development authority establishes a tax increment financing district or hazardous substance subdistrict on the site to pay for part of the local match requirement, the district or subdistrict is not subject to the state aid reductions under section 273.1399. In order to qualify for the exemption from the state aid reductions, the municipality must elect, by resolution, on or before the request for certification is filed that all tax increments from the district or subdistrict will be used exclusively to pay (1) for project costs for the site and (2) administrative costs for the district or subdistrict. The district or subdistrict must be decertified when an amount of tax increments equal to no more than three times the costs of implementing the response action plan for the site and the administrative costs for the district or subdistrict have been received, after deducting the amount of the state grant.

Sec. 5. Minnesota Statutes 1994, section 473.167, subdivision 2, is amended to read:

Subd. 2. [LOANS FOR ACQUISITION.] The council may make loans to counties, towns, and statutory and home rule charter cities within the metropolitan area for the purchase of property within the right-of-way of a state trunk highway shown on an official map adopted pursuant to section 394.361 or 462.359 or for the purchase of property within the proposed right-of-way of a principal or intermediate arterial highway designated by the council as a part of the metropolitan highway system plan and approved by the council pursuant to subdivision 1. The loans shall be made by the council, from the fund established pursuant to this subdivision, for purchases approved by the council. The loans shall bear no interest. The council shall make loans only: (1) to accelerate the acquisition of primarily undeveloped property when there is a reasonable probability that the property will increase in value before highway construction, and to update an expired environmental impact statement on a project for which the right-of-way is being purchased; (2) to avert the imminent conversion or the granting of approvals which would allow the conversion of property to uses which would jeopardize its availability for highway construction; or (3) to advance planning and environmental activities on highest priority major metropolitan river crossing projects, under the transportation development guide chapter/policy plan. The council shall not make loans for the purchase of property at a price which exceeds the fair market value of the property or which includes the costs of relocating or moving persons or property. A private property owner may elect to receive the purchase price either in a lump sum or in not more than four annual installments without interest on the deferred installments. If the purchase agreement provides for installment payments, the council shall make the loan in installments corresponding to those in the purchase agreement. The recipient of an acquisition loan shall convey the property for the construction of the highway at the same price which the recipient paid for the property. The price may include the costs of preparing environmental documents that were required for the acquisition and that were paid for with money that the recipient received from the loan fund. Upon notification by the council that the plan to construct the highway has been abandoned or the anticipated location of the highway changed, the recipient shall sell the property at market value in accordance with the procedures required for the disposition of the property. All rents and other money received because of the recipient's ownership of the property and all proceeds from the conveyance or sale of the property shall be paid to the council. If a recipient is not permitted to include in the conveyance price the cost of preparing environmental documents that were required for the acquisition, then the recipient is not required to repay the council an amount equal to 40 percent of the money received from the loan fund and spent in preparing the environmental documents. The proceeds of the tax authorized by subdivision 3 and distributed to the right-of-way acquisition loan fund pursuant to subdivision 3a, paragraph (a), all money paid to the council by recipients of loans, and all interest on the proceeds and payments shall be maintained as a separate fund. For administration of the loan program, the council may expend from the fund each year an amount no greater than three percent of the amount of the ~~authorized levy~~ proceeds distributed to the right-of-way acquisition loan fund pursuant to subdivision 3a, paragraph (a), for that year.

Sec. 6. Minnesota Statutes 1994, section 473.167, subdivision 3, is amended to read:

Subd. 3. [TAX.] The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for loans made pursuant to subdivisions 2 and 2a and for the tax base revitalization account in the metropolitan livable communities fund, established under section 473.251. This tax for the right-of-way acquisition loan fund and the tax base revitalization account shall be certified by the council, levied, and collected in the manner provided by section 473.13. The tax shall be in addition to that authorized by section 473.249 and any other law and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit. The amount of the levy shall be as determined and certified by the council~~, except as otherwise provided in this subdivision~~.

The property tax levied by the metropolitan council for the right-of-way acquisition loan fund and the tax base revitalization account shall not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of 5/100 of one mill multiplied by the total assessed valuation of all taxable property located within the metropolitan area as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, except as provided in section 473.249, subdivision 3, the product of (1) the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan area divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan area;

(c) for taxes payable in 1990, an amount not to exceed $2,700,000; and

(d) for taxes payable in 1991 and subsequent years, the product of (1) the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund for the taxes payable in 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current taxes payable year divided by the total market valuation of all taxable property located within the metropolitan area for taxes payable in 1988.

For the purpose of determining the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund and tax base revitalization account in the metropolitan livable communities fund, under section 473.251, for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan area without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

~~The property tax levied under this subdivision for taxes payable in 1988 and subsequent years shall not be levied at a rate higher than that determined by the metropolitan council to be sufficient, considering the other anticipated revenues of and disbursements from the right-of-way acquisition loan fund, to produce a balance in the loan fund at the end of the next calendar year equal to twice the amount of the property tax levy limitation for taxes payable in the next calendar year determined under this section.~~

Sec. 7. Minnesota Statutes 1994, section 473.167, is amended by adding a subdivision to read:

Subd. 3a. [DISTRIBUTION OF TAX PROCEEDS.] (a) Right-of-way acquisition loan fund. Tax proceeds shall first be deposited into the right-of-way acquisition loan fund in an amount determined by the metropolitan council to be sufficient, considering the other anticipated revenues of and disbursements from the right-of-way acquisition loan fund, to produce a balance in the loan fund at the end of the next calendar year equal to twice the amount of the property tax levy limitation for taxes payable in the next calendar year determined under subdivision 3.

(b) Metropolitan livable communities tax base revitalization account. Any tax proceeds not first deposited into the right-of-way acquisition loan fund shall be distributed to the tax base revitalization account in the metropolitan livable communities fund, established under section 473.251.

Sec. 8. Minnesota Statutes 1994, section 473.704, subdivision 18, is amended to read:

Subd. 18. The commission may establish a research program to evaluate the effects of control programs on other fauna. The purpose of the program is to identify the types and magnitude of the adverse effects of the control program on fish and wildlife and associated food chain invertebrates. The commission may conduct research through contracts with qualified outside researchers. The commission may finance the research program each year at a level up to 2.5 percent of its annual budget, until December 31, 1995.

Sec. 9. Minnesota Statutes 1994, section 473.711, subdivision 2, is amended to read:

Subd. 2. [BUDGET; TAX LEVY.] (a) Budget. The metropolitan mosquito control commission shall prepare an annual budget. The budget may provide for expenditures in an amount not exceeding the property tax levy limitation determined in this subdivision.

(b) Tax Levy. The commission may levy a tax on all taxable property in the district as defined in section 473.702 to provide funds for the purposes of sections 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined in this subdivision. A participating county may agree to levy an additional tax to be used by the commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and commission's taxes may not exceed the county's proportionate share of the property tax levy limitation determined under this subdivision based on the ratio of its total net tax capacity to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision 3. The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito, disease vectoring tick, and black gnat (Simuliidae) control except under ~~sections 473.701 to 473.716~~ this section. The levy shall be in addition to other taxes authorized by law.

The property tax levied by the metropolitan mosquito control commission shall not exceed the following amount for the years specified:

(i) for taxes payable in 1996, the product of (1) the commission's property tax levy limitation for ~~the previous year~~ taxes payable in 1995 determined under this subdivision minus 50 percent of the amount actually levied for taxes payable in 1995, multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the district for the current ~~assessment~~ taxes payable year divided by the total market valuation of all taxable property located within the district for the previous ~~assessment~~ taxes payable year; and

(ii) for taxes payable in 1997 and subsequent years, the product of (1) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the district for the current taxes payable year divided by the total market valuation of all taxable property located within the district for the previous taxes payable year.

For the purpose of determining the commission's property tax levy limitation under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

(c) Homestead and Agricultural Credit Aid. For aids payable in 1996 and subsequent years, the commission's homestead and agricultural credit aid base under section 273.1398, subdivision 1, is permanently reduced by 50 percent of the amount certified to be received in 1995, less any permanent aid reduction in 1995 under section 477A.0132.

(d) Emergency Tax Levy. If the commissioner of the department of health declares a health emergency due to a threatened or actual outbreak of disease caused by mosquitos, disease vectoring ticks, or black gnats (Simuliidae), the commission may levy an additional tax not to exceed $500,000 on all taxable property in the district to pay for the required control measures.

(e) Optional County Levy. A participating county may levy a tax in an amount to be determined by the county board for mosquito, disease vectoring tick, and black gnat (Simuliidae) nuisance control. If the county levies the tax for nuisance control, it must contract with the commission to provide for nuisance control activities within the county. The levy for nuisance control shall be in addition to other levies authorized by law to the county.

Sec. 10. Minnesota Statutes 1994, section 473F.08, subdivision 3a, is amended to read:

Subd. 3a. Beginning in 1987 and each subsequent year through 1998, the city of Bloomington shall determine the interest payments for that year for the bonds which have been sold for the highway improvements pursuant to Laws 1986, chapter 391, section 2, paragraph (g). Effective for property taxes payable in 1988 through property taxes payable in 1999, after the Hennepin county auditor has computed the areawide portion of the levy for the city of Bloomington pursuant to subdivision 3, clause (a), the auditor shall annually add a dollar amount to the city of Bloomington's areawide portion of the levy equal to the amount which has been certified to the auditor by the city of Bloomington for the interest payments for that year for the bonds which were sold for highway improvements. The total areawide portion of the levy for the city of Bloomington including the additional amount for interest repayment certified pursuant to this subdivision shall be certified by the Hennepin county auditor to the administrative auditor pursuant to subdivision 5. The Hennepin county auditor shall distribute to the city of Bloomington the additional areawide portion of the levy computed pursuant to this subdivision at the same time that payments are made to the other counties pursuant to subdivision 7a. For property taxes payable from the year ~~2000~~ 2006 through ~~2009~~ 2015, the Hennepin county auditor shall adjust Bloomington's contribution to the areawide gross tax capacity upward each year by a value equal to ten percent of the total additional areawide levy distributed to Bloomington under this subdivision from 1988 to 1999, divided by the areawide tax rate for taxes payable in the previous year.

Sec. 11. Minnesota Statutes 1994, section 473F.08, is amended by adding a subdivision to read:

Subd. 3b. [LIVABLE COMMUNITIES FUND.] (a) The Hennepin county auditor shall certify the city of Bloomington's interest payments for 1987 for the bonds which were sold for highway improvements pursuant to Laws 1986, chapter 391, section 2, paragraph (g), and which were certified as an addition to the city of Bloomington's areawide levy for taxes payable in 1988.

(b) For taxes payable in 1996 through taxes payable in 1999, the Hennepin county auditor shall certify the amount calculated by subtracting the amount certified under subdivision 3a from the amount in paragraph (a). For taxes payable in 2000 and subsequent years, the Hennepin county auditor shall certify the amount calculated in paragraph (a).

(c) The metropolitan council may annually certify to the Ramsey county auditor the amount calculated under paragraph (b), or a lesser amount, but not to exceed $5,000,000, to be used to provide funds for the cleanup of polluted lands in the metropolitan area.

(d) The amount certified under paragraph (c) shall be certified annually by the Ramsey county auditor to the administrative auditor as an addition to the metropolitan council's areawide levy under subdivision 5.

Sec. 12. Minnesota Statutes 1994, section 473F.08, subdivision 5, is amended to read:

Subd. 5. [AREAWIDE TAX RATE.] On or before August 25 of each year, the county auditor shall certify to the administrative auditor that portion of the levy of each governmental unit determined under ~~subdivision~~ subdivisions 3, clause (a), 3a, and 3b. The administrative auditor shall then determine the areawide tax rate sufficient to yield an amount equal to the sum of such levies from the areawide net tax capacity. On or before September 1 of each year, the administrative auditor shall certify the areawide tax rate to each of the county auditors.

Sec. 13. Minnesota Statutes 1994, section 473F.08, subdivision 7a, is amended to read:

Subd. 7a. [CERTIFICATION OF VALUES; PAYMENT.] The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to ~~subdivision~~ subdivisions 3, clause (a), 3a, and 3b, within the county and the total tax on

contribution value pursuant to subdivision 6, within the county. On or before May 16 of each year, the administrative auditor shall certify the differences so determined to each county auditor. In addition, the administrative auditor shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on contribution value over the total levy on distribution value in the county. On or before June 15 and November 15 of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditors certification.

Sec. 14. [MOSQUITO CONTROL COMMISSION EMPLOYEES.]

Employees of the metropolitan mosquito control commission covered under the terms of a collective bargaining agreement as of March 1, 1995, may not be terminated by discharge, except for cause, before January 1, 1999. This act does not abrogate or change any rights enjoyed by the employees of the commission under the terms of a collective bargaining agreement that is in effect on March 1, 1995.

Sec. 15. [AMENDMENT OF GRANT APPLICATIONS.]

A development authority that, before the effective date of this section, submitted an application for a grant under Minnesota Statutes, sections 116J.551 to 116J.558, may, before the next application deadline, submit to the commissioner of trade and economic development an amended application based on the changes made by section 1.

Sec. 16. [ECONOMIC VITALITY AND HOUSING INITIATIVE.]

Subdivision 1. [ESTABLISHMENT.] The Minnesota housing finance agency may establish an economic vitality and housing initiative to provide funds for affordable housing projects in connection with local communities' economic development and redevelopment efforts. The purpose of the economic vitality and housing initiative is to provide resources for affordable housing in communities throughout the state necessary to ensure the expansion and preservation of the economic base and employment opportunities. The agency must use the economic vitality and housing initiative to leverage to the extent possible private and other public funds for the purpose of this section.

Subd. 2. [GREATER MINNESOTA.] In Greater Minnesota, which is defined for this section as the area of the state not included in subdivision 3, the agency must work with groups in the McKnight initiative fund regions to assist the agency in identifying the affordable housing needed in each region in connection with economic development and redevelopment efforts and in establishing priorities for uses of economic vitality and housing funds. The groups must include the McKnight initiative funds, the regional development commissions, the private industry councils, units of local government, community action agencies, the Minnesota housing partnership network groups, local lenders, for-profit and nonprofit developers, and realtors. In addition to priorities developed by the group, the agency must give a preference to viable projects in which area employers contribute financial assistance.

Subd. 3. [METROPOLITAN AREA.] In the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, the agency must confer with the metropolitan council to identify the priorities for use of the economic vitality and housing funds. The agency shall give preference to economically viable projects that:

(1) include a contribution of financial resources from units of local government and area employers;

(2) are located in areas accessible to public transportation or served by transportation programs or along arterial roadways;

(3) take into account the availability of job training efforts in the community; and

(4) address local and regional objectives for the development of affordable and life cycle housing and the redevelopment of neighborhoods and communities.

Subd. 4. [EXPIRATION.] This section expires June 30, 1997.

Sec. 17. [REPEALER.]

Minnesota Statutes 1994, sections 504.33; 504.34; and 504.35, are repealed.

Sec. 18. [CITATION.]

This act may be cited as "the metropolitan livable communities act."

Sec. 19. [APPLICATION.]

This article applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 20. [EFFECTIVE DATES.]

This article is effective the day after final enactment. Sections 6, 9, and 11 to 13 are effective for taxes levied in 1995, payable in 1996 and subsequent years.

ARTICLE 3

HOUSING

Section 1. Minnesota Statutes 1994, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others not to exceed $650 for each dependent in grades kindergarten to 6 and $1,000 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. In order to qualify for the subtraction under this clause the taxpayer must elect to itemize deductions under section 63(e) of the Internal Revenue Code;

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g;

(7) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491; ~~and~~

(8) to the extent not deducted in determining federal taxable income, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the 25 percent limit does not apply. If the taxpayer deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(1) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a); and

(9) the exemption amount allowed under section 2, subdivision 3.

Sec. 2. [URBAN HOMESTEADING PROGRAM.]

Subdivision 1. [URBAN REVITALIZATION AND STABILIZATION ZONES.] By September 1, 1995, the metropolitan council shall designate one or more urban revitalization and stabilization zones in the metropolitan area, as defined in section 473.121, subdivision 2. The designated zones must contain no more than 1,000 single family homes in total. In designating urban revitalization and stabilization zones, the council shall choose areas that are in transition toward blight and poverty. The council shall use indicators that evidence increasing neighborhood distress such as declining residential property values, declining resident incomes, declining rates of owner-occupancy, and other indicators of blight and poverty in determining which areas are to be urban revitalization and stabilization zones.

Subd. 2. [PROGRAM ELIGIBILITY.] Any person buying and occupying a home within the boundaries of an urban revitalization and stabilization zone after September 1, 1995, is eligible to participate in the urban homesteading program. An owner may participate by filing an annual application with the county assessor of the county in which the homestead is located. On or before January 15 of the second year after the initial application and for a total of four subsequent years in which the owner continues to meet eligibility requirements under this subdivision, the assessor shall provide written verification that the homestead is within an urban revitalization and stabilization zone to the owner in a form and manner prescribed by the commissioner of revenue. The form shall include the date on which the owner purchased the property, the date on which the owner applied for the urban homesteading program, and shall indicate if the property has been found to be not in compliance with applicable building codes, and the dates of inspections. The assessor may charge a fee to the owner, not to exceed $10 per year, for the costs of processing the application. An owner shall become ineligible for the program if any of the following occurs:

(1) the property is sold or otherwise transferred to another party;

(2) the property is found not to be in compliance with applicable building codes, provided that at least three years have passed since the owner filed for participation in the program;

(3) the owner ceases to occupy the property; or

(4) any of the owners of the property are convicted of violating Minnesota Statutes, sections 152.021 to 152.025 or 152.0261, or committing any other felony-level violation.

The county assessor shall annually provide to the county attorney a list of the owners of property within the county who are currently in the program. The county attorney shall notify the assessor if any of the owners participating in the program have been convicted of violating a felony-level crime after the date on which they began participation in the program. The assessor shall notify the owners, by first class mail, of the loss of their eligibility of participation in the program for the following year and any subsequent years. The assessor shall at the same time notify the commissioner of revenue of the owners' loss of eligibility. The owners may appeal the

loss of eligibility to the tax court, but the appeal is limited to the factual question of whether the disqualifying event has actually occurred.

Subd. 3. [TAX BENEFITS.] Individuals participating in the urban homesteading program shall receive an exemption from Minnesota taxable income for each full tax year during which eligibility under subdivision 2 is mandated, beginning in the first full tax year following the filing of an application with the county assessor. Eligibility may continue for a maximum of five years, provided that the individual does not become ineligible for the program under subdivision 2. The maximum exemption amount shall equal $15,000 for married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code, $10,000 for unmarried individuals, and $12,500 for unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code. The maximum exemption amount shall be reduced by two percent of the maximum exemption amount for each $1,000 of adjusted gross income or part thereof above an income threshold. For purposes of this subdivision, adjusted gross income means federal adjusted gross income as defined in section 62 of the Internal Revenue Code. The income threshold shall equal $60,000 for married individuals filing joint returns and surviving spouses, $40,000 for unmarried individuals, and $50,000 for unmarried individuals qualifying as a head of household. Participants shall claim the exemption by filing the form provided under subdivision 2 with the income tax return filed under chapter 290.

Subd. 4. [EXPIRATION.] Initial applications for the urban homesteading program shall not be accepted after July 1, 1997.

Subd. 5. [INFORMATION TO POTENTIAL BUYERS.] The metropolitan council shall market and promote the urban homestead program to the extent feasible, but such efforts shall at least include informing area realtors or realtor associations about the program.

Subd. 6. [REPORTS.] The metropolitan council shall make an initial report to the legislature by January 1, 1998, on the urban homesteading program. The initial report shall contain information on designation of zones, participation rates, and current and projected future costs of providing state income tax exemptions to program participants.

The metropolitan council shall make full reports to the legislature by January 1, 2000, and January 1, 2003, on the urban homesteading program. The full reports shall include information on those subjects covered by the initial report, as well as information on neighborhood impacts, property values, resident incomes, rates of owner-occupancy, and other indicators of poverty and blight.

Sec. 3. [APPLICATION.]

Section 2 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective for tax years beginning after December 31, 1995."

Amend the title as follows:

Page 1, line 16, delete "473.704, subdivision 15;"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ted A. Mondale, Carol Flynn, Phil J. Riveness, Edward C. Oliver, William V. Belanger, Jr.

House Conferees: (Signed) Dee Long, Steve Kelley, Sharon Marko, Jim Rhodes, Ron Abrams

Mr. Mondale moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1019 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1019 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 57 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Murphy	Riveness
Beckman	Frederickson	Kroening	Neuville	Runbeck
Belanger	Hanson	Laidig	Novak	Sams
Berg	Hottinger	Langseth	Oliver	Samuelson
Berglin	Janezich	Lesewski	Olson	Scheevel
Bertram	Johnson, D.J.	Lessard	Ourada	Solon
Betzold	Johnson, J.B.	Limmer	Pappas	Spear
Chandler	Kelly	Marty	Pariseau	Terwilliger
Cohen	Kiscaden	Merriam	Piper	Wiener
Day	Kleis	Moe, R.D.	Price	
Dille	Knutson	Mondale	Ranum	
Finn	Kramer	Morse	Reichgott Junge	

Ms. Johnston voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 127 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 127

A bill for an act relating to state lands; authorizing the conveyance of certain tax-forfeited land that borders public water or natural wetlands in Hennepin county.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 127, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 127 be further amended as follows:

Page 2, delete lines 4 and 5 and insert:

"Sec. 2. [SALE OF TAX-FORFEITED LAND; HENNEPIN COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the sale provision of Minnesota Statutes, chapter 282, Hennepin county may convey to the city of Champlin for no consideration the tax-forfeited land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general and must provide that the land reverts to the state of Minnesota if it is not used for park purposes.

(c) The land that may be conveyed is located in Hennepin county and is described as:

That part of Lot 11, Block 5, auditor's subdivision No. 5, Hennepin county, Minnesota, lying North of a line parallel with and distant 43.0 feet North of the South line of Government Lot 3,

Section 19, Township 120, Range 21, Hennepin county, Minnesota, and lying East of a line parallel with and distant 36.5 feet East of the West line of said Government Lot 3 (except U.S. Highway No. 169). Subject to permanent easement for sanitary sewers granted to the metropolitan council on March 2, 1995, by the Hennepin county auditor. Subject to easements of record.

(d) The county has determined that the land is needed by the city of Champlin for park purposes.

Sec. 3. [SALE OF TAX-FORFEITED LAND; HENNEPIN COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Hennepin county may sell to the Minnesota department of transportation the tax-forfeited land bordering public water that is described in paragraph (c).

(b) The conveyance must be in the form approved by the attorney general.

(c) The land that may be conveyed is located in the city of Champlin, Hennepin county and is described as:

That part of Lot 11, Block 5, auditor's subdivision No. 15, Hennepin county, Minnesota, lying South of a line parallel with and distant 43.0 feet North of the South line of Government Lot 3, Section 19, Township 120, Range 21, Hennepin county, Minnesota, and lying West of a line parallel with and distant 36.5 feet East of the West line of said Government Lot 3 (except U.S. Highway No. 169). Subject to permanent easement for sanitary sewers granted to the metropolitan council on March 2, 1995, by the Hennepin county auditor. Subject to easements of record.

Sec. 4. [SALE OF TAX-FORFEITED LAND; HENNEPIN COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provision of Minnesota Statutes, chapter 282, Hennepin county may convey to the city of Corcoran for no consideration the tax-forfeited land bordering public water that is described in paragraph (c).

(b) The conveyance must be in the form approved by the attorney general and must provide that the land reverts to the state of Minnesota if it is not used for open space and for creek and floodplain maintenance.

(c) The land that may be conveyed is located in Hennepin county and is described as:

That part of the Southwest quarter of the Northwest quarter lying southwesterly of county road No. 10 and lying northwesterly of a line bearing North 46 degrees 30 minutes 8 seconds East from a point in South line thereof, distant 47.4 feet East from Southwest corner thereof and running to the centerline of county road No. 10 and lying southeasterly of a line bearing North 46 degrees 30 minutes 8 seconds East from a point in West line thereof distant 362.63 feet North from Southwest corner thereof and running to centerline of county road No. 10 subject to a permanent easement for highway purposes as described in registrar of titles document No. 2405452, recorded July 30, 1993, in volume 2077, page 622704.

(d) The county has determined that the land is needed by the city of Corcoran for open space and for creek and floodplain maintenance.

Sec. 5. [SALE OF STATE LAND; HENNEPIN COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 94.09, subdivisions 2, 3, and 4, the commissioner may sell the acquired state land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 94.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land that may be sold is located on Lake Minnetonka, in Hennepin county, in the city of Orono and is described as follows:

PARCEL 1.

That part of the West 15.7 feet of the East 539 feet of Government Lot 1, Section Eight (8), Township One Hundred Seventeen (117), Range Twenty-three (23), lying North of a line drawn at right angles to the east line of said section at a point 394.5 feet South of the meander corner on the east line of said section together with an easement for road purposes over that part of said 15.7 feet lying southerly of said line and North of the county road.

ALSO, all that part of Government Lot 1, Section 8, Township 117, Range 23, described as follows: Commencing at a point where a line drawn parallel with and distant 539 feet West of the east line of Section 8 intersects the northerly line of county road known as Markeville and Maple Plain Road; thence North parallel with said section line 556.0 feet to the shore of Maxwell's Bay, Lake Minnetonka; thence southwesterly along the shore of said lake 188.78 feet to a point which is 710.1 feet West of said section line and also the northeasterly corner of land conveyed by deed recorded in Book 488 of Deeds, p. 237; thence southerly along the easterly line of land so deeded 400 feet to the northerly line of said county road, said point being 724 feet West of the section line; thence southeasterly along said county road to the point of commencement, EXCEPT the West 70 feet thereof, said 70 feet being measured at right angles from the westerly line thereof; EXCEPT that part of the entire above described premises lying South of a line drawn at right angles to the east line of said section at a point 394.5 feet South of the meander corner of the east line of said section, together with an easement for road purposes over the West 15 feet of that part of the above described premises lying southerly of the line drawn at right angles to the east line of said section at a point 394.5 feet South of the meander corner on the east line of said section, according to the recorded plat thereof on file and of record in the office of the Hennepin County Recorder.

PARCEL 2.

The West 15.7 feet of the East 539 feet of that part of Government Lot 1 lying North of a road, ALL IN Section 8, Township 117, Range 23, and all that part of Lot 1, Section 8, Township 117, Range 23, described as follows: Commencing at a point where a line drawn parallel with and distant 539 feet West of the east line of said Section 8 intersects the northerly line of county road known as Markeville and Maple Plain Road; thence North parallel with said section line 556.0 feet to the shore of Maxwell's Bay, Lake Minnetonka; thence southwesterly along the shore of said lake 188.78 feet to a point which is 710.1 feet West of said section line and also the northeasterly corner of land conveyed by deed recorded in Book 488 of Deeds, p. 237; thence southerly along the easterly line of land so deeded 400 feet to the northerly line of said county road, said point being 724 feet West of the section line; thence southeasterly along said county road to the point of commencement, EXCEPT the West 70 feet thereof, EXCEPT that part of the entire above described premises lying South of a line drawn at right angles to the east line of said section at a point 494.5 feet South of the meander corner on the east line of said section, said last described line being designated as line "A", and EXCEPT that part of the entire above described premises lying North of a line drawn at right angles to the east line of said section at a point 394.5 feet South of the meander corner on the east line of said section.

PARCEL 3.

Commencing at a point distant 447.8 feet West of a point in the east line of Government Lot 1 distant 376.35 feet South from the meander corner at the northeast corner of Lot 1; thence South 82.05 feet; thence South 11 degrees 47 minutes West 115.38 feet to the actual point of beginning; thence continuing South 11 degrees 47 minutes West 103.17 feet; thence South 12 degrees 37 minutes East 71 feet to the northerly line of County Road No. 51; thence westerly along said road line 47.2 feet to a point distant 523.3 feet West from the east line of Lot 1; thence North parallel with said east line to a point due West from point of beginning; thence East to beginning, Section 8, Township 117, Range 23.

PARCEL 4.

Lot 1, Block 1, Moellers Addition, according to the recorded plat thereof, Hennepin County, Minnesota.

(d) The proceeds from the sale must be deposited in the state treasury and credited to the water

recreation account and are appropriated to the commissioner of natural resources for acquisition of water access sites.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective on the day following final enactment."

Amend the title as follows:

Page 1, line 3, after "tax-forfeited" insert "and acquired"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Roy W. Terwilliger, Gene Merriam, Gen Olson

House Conferees: (Signed) Erik Paulsen, Darlene Luther, Tom Rukavina

Mr. Terwilliger moved that the foregoing recommendations and Conference Committee Report on S.F. No. 127 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 127 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Knutson	Murphy	Riveness
Beckman	Frederickson	Kramer	Neuville	Robertson
Belanger	Hanson	Krentz	Novak	Runbeck
Berg	Hottinger	Laidig	Oliver	Sams
Berglin	Janezich	Langseth	Olson	Samuelson
Bertram	Johnson, D.E.	Lesewski	Ourada	Scheevel
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Chandler	Johnson, J.B.	Limmer	Pariseau	Spear
Chmielewski	Johnston	Marty	Piper	Stumpf
Cohen	Kelly	Merriam	Price	Terwilliger
Day	Kiscaden	Moe, R.D.	Ranum	Wiener
Finn	Kleis	Morse	Reichgott Junge	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 217 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 217

A bill for an act relating to family law; providing for enforcement of child support obligations; expanding enforcement remedies for child support; authorizing programs; providing for resolution of custody and visitation disputes; creating a central child support payment center; modifying child support data collection and publication; imposing penalties; adding provisions relating to recognition of parentage; adding provisions for administrative proceedings; modifying children's supervised visitation facilities; appropriating money; amending Minnesota Statutes 1994, sections 13.46, subdivision 2; 168A.05, subdivisions 2, 3, 7, and by adding a subdivision; 168A.16; 168A.20, by adding a subdivision; 168A.21; 168A.29, subdivision 1; 214.101, subdivisions 1 and 4; 256.87, subdivision 5; 256.978, subdivision 1; 256F.09, subdivisions 1, 2, 3, and by adding subdivisions; 257.34, subdivision 1, and by adding a subdivision; 257.55, subdivision 1; 257.57, subdivision 2; 257.60; 257.67, subdivision 1; 257.75, subdivision 3, and by adding a subdivision;

517.08, subdivisions 1b and 1c; 518.171, subdivision 2a; 518.24; 518.551, subdivisions 5, 12, and by adding subdivisions; 518.5511, subdivisions 1, 2, 3 ,4, 5, 7, and 9; 518.575; 518.611, subdivisions 1, 2, 5, and 8a; 518.613, subdivisions 1, 2, and by adding a subdivision; 518.614, subdivision 1; 518.64, subdivisions 2, 4, and by adding a subdivision; 518C.310; 548.15; and 609.375, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 171; 256; 257; and 518; repealing Minnesota Statutes 1994, sections 214.101, subdivisions 2 and 3; 256F.09, subdivision 4; 518.561; 518.611, subdivision 8; and 518.64, subdivision 6.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 217, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 217 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CHILD SUPPORT ENFORCEMENT AND COOPERATION FOR CHILDREN

Section 1. Minnesota Statutes 1994, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) pursuant to section 13.05;

(2) pursuant to court order;

(3) pursuant to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax;

(9) to the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential facilities as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law

Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education coordinating board to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children may be disclosed to law enforcement officers who provide the name and social security number of the recipient and satisfactorily demonstrate that: (i) the recipient is a fugitive felon, including the grounds for this determination; (ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and (iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance, work readiness, or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient, and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the food stamp act, in accordance with Code of Federal Regulations, title 7, section 272.1(c); ~~or~~

(18) data on a child support obligor who is in arrears may be disclosed for purposes of publishing the data pursuant to section 518.575; or

(19) data in the work reporting system may be disclosed under section 256.998, subdivision 7.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed in accordance with the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), or (17), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 2. Minnesota Statutes 1994, section 168A.05, subdivision 2, is amended to read:

Subd. 2. [RECORD OF CERTIFICATES ISSUED.] The department shall maintain a record of all certificates of title issued by it:

(1) Under a distinctive title number assigned to the vehicle;

(2) By vehicle identifying number;

(3) Alphabetically, under the name of the owner.

Such record shall consist of the certificate of title, including the notations of all security interests recorded, assigned, terminated, or released and liens filed pursuant to a court order or by a public authority responsible for child support enforcement of which the department has notice,

of duplicate certificates issued or applied for, and such other information as the department may deem proper.

Sec. 3. Minnesota Statutes 1994, section 168A.05, subdivision 3, is amended to read:

Subd. 3. [CONTENT OF CERTIFICATE.] Each certificate of title issued by the department shall contain:

(1) the date issued;

(2) the first, middle, and last names, the dates of birth, and addresses of all owners who are natural persons, the full names and addresses of all other owners;

(3) the names and addresses of any secured parties in the order of priority as shown on the application, or if the application is based on a certificate of title, as shown on the certificate, or as otherwise determined by the department;

(4) any liens filed pursuant to a court order or by a public agency responsible for child support enforcement against the owner;

(5) the title number assigned to the vehicle;

~~(5)~~ (6) a description of the vehicle including, so far as the following data exists, its make, model, year, identifying number, type of body, whether new or used, and if a new vehicle, the date of the first sale of the vehicle for use;

~~(6)~~ (7) with respect to motor vehicles subject to the provisions of section 325E.15, the true cumulative mileage registered on the odometer or that the actual mileage is unknown if the odometer reading is known by the owner to be different from the true mileage;

~~(7)~~ (8) with respect to vehicles subject to sections 325F.6641 and 325F.6642, the appropriate term "flood damaged," "rebuilt," "prior salvage," or "reconstructed"; and

~~(8)~~ (9) any other data the department prescribes.

Sec. 4. Minnesota Statutes 1994, section 168A.05, subdivision 7, is amended to read:

Subd. 7. [JUDICIAL PROCESS RELATING TO CERTIFICATE OR VEHICLE.] A certificate of title for a vehicle is not subject to garnishment, attachment, execution, or other judicial process, but this subdivision does not prevent a lawful levy upon the vehicle or the lawful enforcement of an administrative lien or judgment debt or lien filed pursuant to a court order or by a public authority responsible for child support enforcement.

Sec. 5. Minnesota Statutes 1994, section 168A.05, is amended by adding a subdivision to read:

Subd. 8. [LIENS FILED FOR ENFORCEMENT OF CHILD SUPPORT.] This subdivision applies if the court or a public authority responsible for child support enforcement orders or directs the commissioner to enter a lien, as provided in section 518.551, subdivision 14. If a certificate of title is applied for by the owner, the department shall enter a lien on the title in the name of the state of Minnesota or in the name of the obligee in accordance with the notice. The lien on the title is subordinate to any bona fide purchase money security interest as defined in section 336.9-107 regardless of when the purchase money security interest is perfected. With respect to all other security interests, the lien is perfected as of the date entered on the title. The lien is subject to an exemption in the amount currently in effect under section 518.551, subdivision 14.

Sec. 6. Minnesota Statutes 1994, section 168A.16, is amended to read:

168A.16 [INAPPLICABLE LIENS AND SECURITY INTERESTS.]

(a) Sections 168A.01 to 168A.31 do not apply to or affect:

(1) A lien given by statute or rule of law to a supplier of services or materials for the vehicle;

(2) A lien given by statute to the United States~~, this state, or any political subdivision of this state~~;

(3) A security interest in a vehicle created by a manufacturer or dealer who holds the vehicle for sale.

(b) Sections 168A.17 to 168A.19 do not apply to or affect a lien given by statute or assignment to this state or any political subdivision of this state.

Sec. 7. Minnesota Statutes 1994, section 168A.20, is amended by adding a subdivision to read:

Subd. 4. [SATISFACTION OF LIEN FOR CHILD SUPPORT.] If the secured party is a public authority or a child support or maintenance obligee with a lien under section 168A.05, subdivision 8, upon either the satisfaction of a security interest in a vehicle for which the certificate of title is in the possession of the owner, or the execution by the owner of a written payment agreement determined to be acceptable by the court, an administrative law judge, the public authority, or the obligee, within 15 days the secured party shall execute a release of security interest on the form prescribed by the department and mail or deliver the notification with release to the owner or any person who delivers to the secured party an authorization from the owner to receive the release.

Sec. 8. Minnesota Statutes 1994, section 168A.21, is amended to read:

168A.21 [DISCLOSURE OF SECURITY INTEREST.]

Subdivision 1. [GENERAL.] A secured party named in a certificate of title shall upon written request of the owner or of another secured party named on the certificate disclose any pertinent information as to the security agreement and the indebtedness secured by it.

Subd. 2. [CHILD SUPPORT.] A secured party that is a public authority or an obligee with a lien under section 168A.05, subdivision 8, shall, upon written request of the owner, disclose the amount of the judgment debt secured.

Sec. 9. Minnesota Statutes 1994, section 168A.29, subdivision 1, is amended to read:

Subdivision 1. [AMOUNTS.] (a) The department shall be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, the sum of $2;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, the sum of $2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

(3) for the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of $2;

(4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, the sum of $1;

(5) for issuing a duplicate certificate of title, the sum of $4.

(b) In addition to each of the fees required under paragraph (a), clauses (1) and (3), the department shall be paid:

(1) from July 1, 1994, to June 30, 1997, $3.50; but then

(2) after June 30, 1997, $1.

The additional fee collected under this paragraph must be deposited in the transportation services fund and credited to the state patrol motor vehicle account established in section 299D.10.

Sec. 10. Minnesota Statutes 1994, section 171.12, is amended by adding a subdivision to read:

Subd. 3b. [RECORD OF IMPROPER SUSPENSION DESTROYED.] Notwithstanding subdivision 3 or section 138.163, when an order for suspension of a driver's license issued pursuant to section 171.186 is rescinded because the license was improperly suspended and all rights of appeal have been exhausted or have expired, the commissioner shall remove the record of

that suspension from the computer records that are disclosed to persons or agencies outside the driver and vehicle services division of the department of public safety.

Sec. 11. [171.186] [SUSPENSION; NONPAYMENT OF SUPPORT.]

Subdivision 1. [SUSPENSION.] The commissioner shall suspend a person's driver's license or operating privileges without a hearing upon receipt of a court order or notice from a public authority responsible for child support enforcement that states that the driver is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, and is not in compliance with a written payment agreement regarding both current support and arrearages approved by a court, an administrative law judge, or the public authority responsible for child support enforcement, in accordance with section 518.551, subdivision 13.

Subd. 2. [NOTICE.] Upon suspending a driver's license or operating privileges under this section, the department shall immediately notify the licensee, in writing, by mailing a notice addressed to the licensee at the licensee's last known address.

Subd. 3. [DURATION.] A license or operating privilege must remain suspended and may not be reinstated, nor may a license be subsequently issued to the person, until the commissioner receives notice from the court, an administrative law judge, or public authority responsible for child support enforcement that the person is in compliance with all current orders of support or written payment agreements regarding both current support and arrearages. A fee may not be assessed for reinstatement of a license under this section.

Sec. 12. Minnesota Statutes 1994, section 214.101, subdivision 1, is amended to read:

Subdivision 1. [COURT ORDER; HEARING ON SUSPENSION.] (a) For purposes of this section, "licensing board" means a licensing board or other state agency that issues an occupational license.

(b) If a licensing board receives an order from a court or an administrative law judge or a notice from a public authority responsible for child support enforcement ~~agency~~ under section 518.551, subdivision 12, dealing with suspension of a license of a person found by the court or the public ~~agency~~ authority to be in arrears in child support or maintenance payments, or both, the board shall, within 30 days of receipt of the ~~court~~ order or public ~~agency~~ authority notice, ~~provide notice to the licensee and hold a hearing. If the board finds that the person is licensed by the board and evidence of full payment of arrearages found to be due by the court or the public agency is not presented at the hearing, the board shall suspend the license unless it determines that probation is appropriate under subdivision 2. The only issues to be determined by the board are whether the person named in the court order or public agency notice is a licensee, whether the arrearages have been paid, and whether suspension or probation is appropriate. The board may not consider evidence with respect to the appropriateness of the underlying child support order or the ability of the person to comply with the order. The board may not lift the suspension until the licensee files with the board proof showing that the licensee is current in child support payments and maintenance~~ suspend the license as directed by the order or notice.

Sec. 13. Minnesota Statutes 1994, section 214.101, subdivision 4, is amended to read:

Subd. 4. [VERIFICATION OF PAYMENTS.] ~~Before~~ A board may ~~terminate probation, remove a suspension,~~ not issue, reinstate, or renew a license of a person who has been suspended ~~or placed on probation~~ or is the subject of an order or notice under this section~~, it shall contact~~ until it receives notification from the court, administrative law judge, or public ~~agency~~ authority that referred the matter to the board ~~to determine~~ confirming that the applicant is not in arrears ~~for~~ in either child support or maintenance ~~or both~~ payments, or confirming that the person is in compliance with a written payment plan regarding both current support and arrearages. ~~The board may not issue or renew a license until the applicant proves to the board's satisfaction that the applicant is current in support payments and maintenance.~~

Sec. 14. [256.996] [COOPERATION FOR THE CHILDREN PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of human services, in consultation

with a representative from the office of administrative hearings and the office of the attorney general and with input from community groups, shall develop and implement the cooperation for the children program as an effort to promote parental relationships with children. The program must be designed with three distinct components:

(1) addressing the needs of parents for educational services pertaining to issues of child custody and visitation arrangements;

(2) providing a nonjudicial forum to aid in the resolution of custody and visitation issues through facilitation of written agreements; and

(3) providing mediation services to resolve conflicts related to custody and visitation issues, when appropriate.

Subd. 2. [PROGRAM DESIGN.] (a) The cooperation for the children program must be administered by the office of administrative hearings and, by contract, implemented in selected counties. The program may accept referrals from the district court, the child support administrative process, or self-referral by individuals. The program is voluntary to participants and must be designed to provide services to individuals who are parents by virtue of birth or adoption of a child, individuals adjudicated as parents through a paternity action or through the recognition of parentage process, or individuals who have experienced a marriage dissolution. The program must be designed to screen all referrals for domestic abuse. The program must coordinate with existing agencies, such as court services, to provide program services to parents. If a participating county operates a parenting education program, a nonjudicial conflict resolution program, or a mediation program, the cooperation for the children program must utilize the existing programs to the greatest extent possible in an effort to minimize costs.

(b) The voluntary issue resolution component of the cooperation for the children program must facilitate the parents' discussion of custody and visitation issues in dispute. If there are allegations or indications of domestic abuse, the program shall allow the parents to attend separate sessions with the program facilitator. If agreement of both parties is reached to the disputed issues through the program and the agreement contains a sufficient factual basis to support a finding that the terms are in the best interests of the children, the agreement may be incorporated into a proposed order by program counsel for submission to an administrative law judge or district court judge for execution as a court order.

(c) The mediation component of the program must utilize certified mediators who are competent in recognizing the dynamics of domestic abuse and sensitive to the cultural issues of the participants. To provide services through the cooperation for the children program, mediators must be approved by the court in the participating county. Relationships that involve allegations or indications of domestic abuse are not appropriate for mediation services through the cooperation for the children program.

(d) In cases where no agreement is voluntarily reached through the program, both parents must be provided with forms sufficient to allow them access to the district court to seek formal adjudication of the dispute.

Subd. 3. [DEMONSTRATION.] The commissioner shall contract with the office of administrative hearings and any county to administer and operate a demonstration project of the cooperation for the children program.

Subd. 4. [EVALUATION.] By January 15, 1997, and every two years after that, the office of administrative hearings shall submit a report to the legislature that identifies the following information relevant to the implementation of this section:

(1) the number of citizens offered and provided services by the program;

(2) the circumstances in which the program provided services, whether in paternity adjudications, situations involving recognition of parentage executions, dissolutions, or postdecree matters;

(3) the reduction in court actions, if any, resulting from the use of the program;

(4) the effect of the program, if any, on the average time period between case filing and final resolution in family law cases filed in court in a participating county; and

(5) the cost of implementation and operation of the program in the participating counties.

Sec. 15. [256.997] [CHILD SUPPORT OBLIGOR COMMUNITY SERVICE WORK EXPERIENCE PROGRAM.]

Subdivision 1. [AUTHORIZATION.] The commissioner of human services may contract with a county that operates a community work experience program or a judicial district department of corrections that operates a community work experience program to include child support obligors who are physically able to work and fail to pay child support as participants in the community work experience program.

Subd. 2. [LIMITATIONS.] (a) Except as provided in paragraph (f), a person ordered to participate in a work program under section 518.617 shall do so if services are available.

(b) A person may not be required to participate for more than 32 hours per week in the program under this section.

(c) A person may not be required to participate for more than six weeks for each finding of contempt.

(d) If a person is required by a governmental entity to participate in another work or training program, the person may not be required to participate in a program under this section in a week for more than 32 hours minus the number of hours the person is required to participate in the other work or training program in that week.

(e) If a person is employed, the person may not be required to participate in a program under this section in a week for more than 80 percent of the difference between 40 hours and the number of hours actually worked in the unsubsidized job during that week, to a maximum of 32 hours.

(f) A person who works an average of 32 hours or more per week in an unsubsidized job is not required to participate in a program under this section.

Subd. 3. [NOTICE TO COURT.] If a person does not complete six weeks of participation in a program under this section, the county operating the program shall inform the court administrator, by affidavit, of that noncompletion.

Subd. 4. [INJURY PROTECTION FOR WORK EXPERIENCE PARTICIPANTS.] (a) This subdivision applies to payment of any claims resulting from an alleged injury or death of a child support obligor participating in a community work experience program established and operated by a county or a judicial district department of corrections under this section.

(b) Claims that are subject to this section must be investigated by the county agency responsible for supervising the work to determine whether the claimed injury occurred, whether the claimed medical expenses are reasonable, and whether the loss is covered by the claimant's insurance. If insurance coverage is established, the county agency shall submit the claim to the appropriate insurance entity for payment. The investigating county agency shall submit all valid claims, in the amount net of any insurance payments, to the commissioner of human services.

(c) The commissioner of human services shall submit all claims for impairment compensation to the commissioner of labor and industry. The commissioner of labor and industry shall review all submitted claims and recommend to the commissioner of human services an amount of compensation comparable to what would be provided under the impairment compensation schedule of section 176.101, subdivision 3b.

(d) The commissioner of human services shall approve a claim of $1,000 of less for payment if appropriated funds are available, if the county agency responsible for supervising the work has made the determinations required by this section, and if the work program was operated in compliance with the safety provisions of this section. The commissioner shall pay the portion of an approved claim of $1,000 or less that is not covered by the claimant's insurance within three months of the date of submission. On or before February 1 of each year, the commissioner shall

submit to the appropriate committees of the senate and the house of representatives a list of claims of $1,000 or less paid during the preceding calendar year and shall be reimbursed by legislative appropriation for any claims that exceed the original appropriation provided to the commissioner to operate this program. Unspent money from this appropriation carries over to the second year of the biennium, and any unspent money remaining at the end of the second year must be returned to the general fund. On or before February 1 of each year, the commissioner shall submit to the appropriate committees of the senate and the house of representatives a list of claims in excess of $1,000 and a list of claims of $1,000 or less that were submitted to but not paid by the commissioner of human services, together with any recommendations of appropriate compensation. These claims shall be heard and determined by the appropriate committees of the senate and house of representatives and, if approved, paid under the legislative claims procedure.

(e) Compensation paid under this section is limited to reimbursement for reasonable medical expenses and impairment compensation for disability in like amounts as allowed in section 176.101, subdivision 3b. Compensation for injuries resulting in death shall include reasonable medical expenses and burial expenses in addition to payment to the participant's estate in an amount not to exceed the limits set forth in section 466.04. Compensation may not be paid under this section for pain and suffering, lost wages, or other benefits provided in chapter 176. Payments made under this section must be reduced by any proceeds received by the claimant from any insurance policy covering the loss. For the purposes of this section, "insurance policy" does not include the medical assistance program authorized under chapter 256B or the general assistance medical care program authorized under chapter 256D.

(f) The procedure established by this section is exclusive of all other legal, equitable, and statutory remedies against the state, its political subdivisions, or employees of the state or its political subdivisions. The claimant may not seek damages from any state or county insurance policy or self-insurance program.

(g) A claim is not valid for purposes of this subdivision if the local agency responsible for supervising the work cannot verify to the commissioner of human services:

(1) that appropriate safety training and information is provided to all persons being supervised by the agency under this subdivision; and

(2) that all programs involving work by those persons comply with federal Occupational Safety and Health Administration and state department of labor and industry safety standards.

A claim that is not valid because of failure to verify safety training or compliance with safety standards may not be paid by the commissioner of human services or through the legislative claims process and must be heard, decided, and paid, if appropriate, by the local government unit responsible for supervising the work of the claimant.

Subd. 5. [TRANSPORTATION EXPENSES.] A county shall reimburse a person for reasonable transportation costs incurred because of participation in a program under this section, up to a maximum of $25 per month.

Subd. 6. [PAYMENT TO COUNTY.] The commissioner shall pay a county $200 for each person who participates in the program under this section in that county. The county is responsible for any additional costs of the program.

Sec. 16. [256.9981] [WORK REPORTING SYSTEM.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Date of hiring" means the earlier of: (1) the first day for which an employee is owed compensation by an employer; or (2) the first day that an employee reports to work or performs labor or services for an employer.

(c) "Earnings" means payment owed by an employer for labor or services rendered by an employee.

(d) "Employee" means a person who resides or works in Minnesota and performs services for compensation, in whatever form, for an employer. Employee does not include persons hired for domestic service in the private home of the employer, as defined in the federal tax code.

(e) "Employer" means a person or entity located or doing business in this state that employs one or more employees for payment, and includes the state, political or other governmental subdivisions of the state, and the federal government.

(f) "Hiring" means engaging a person to perform services for compensation and includes the reemploying or return to work of any previous employee who was laid off, furloughed, separated, granted a leave without pay, or terminated from employment.

Subd. 2. [WORK REPORTING SYSTEM ESTABLISHED.] The commissioner of human services shall establish a centralized work reporting system for the purpose of receiving and maintaining information from employers on newly hired or rehired employees. The commissioner of human services shall take reasonable steps to inform the state's employers of the requirements of this section and the acceptable processes by which employers can comply with the requirements of this section.

Subd. 3. [DUTY TO REPORT.] Employers doing business in this state shall report to the commissioner of human services the hiring of any employee who resides or works in this state to whom the employer anticipates paying earnings. Employers shall submit reports required under this subdivision within 15 calendar days of the date of hiring of the employee.

Employers are not required to report the hiring of any person who will be employed for less than two months' duration; and will have gross earnings less than $250 per month.

Subd. 4. [MEANS TO REPORT.] Employers may report by delivering, mailing, or telefaxing a copy of the employee's federal W-4 form or W-9 form or any other document that contains the required information, submitting electronic media in a compatible format, toll-free telecommunication, or other means authorized by the commissioner of human services that will result in timely reporting.

Subd. 5. [REPORT CONTENTS.] Reports required under this section must contain:

(1) the employee's name, address, social security number, and date of birth when available, which can be handwritten or otherwise added to the W-4 form, W-9 form, or other document submitted; and

(2) the employer's name, address, and federal identification number.

Subd. 6. [SANCTIONS.] If an employer fails to report under this section, the commissioner of human services, by certified mail, shall send the employer a written notice of noncompliance requesting that the employer comply with the reporting requirements of this section. The notice of noncompliance must explain the reporting procedure under this section and advise the employer of the penalty for noncompliance. An employer who has received a notice of noncompliance and later incurs a second violation is subject to a civil penalty of $50 for each intentionally unreported employee. An employer who has received a notice of noncompliance and later incurs a third or subsequent violation is subject to a civil penalty of $500 for each intentionally unreported employee. These penalties may be imposed and collected by the commissioner of human services.

Subd. 7. [ACCESS TO DATA.] The commissioner of human services shall retain the information reported to the work reporting system for a period of six months. Data in the work reporting system may be disclosed to the public authority responsible for child support enforcement, federal agencies, and state and local agencies of other states for the purposes of enforcing state and federal laws governing child support.

Subd. 8. [AUTHORITY TO CONTRACT.] The commissioner may contract for services to carry out this section.

Subd. 9. [INDEPENDENT CONTRACTORS.] The state and all political subdivisions of the state, when acting in the capacity of an employer, shall report the hiring of any person as an independent contractor to the centralized work reporting system in the same manner as the hiring of an employee is reported.

The attorney general and the commissioner of human services shall work with representatives of the employment community and industries that utilize independent contractors in the regular

course of business to develop a plan to include the reporting of independent contractors by all employers to the centralized work reporting system by July 1, 1996. The attorney general and the commissioner of human services shall present the resulting plan in the form of proposed legislation to the legislature by February 1, 1996.

Sec. 17. Minnesota Statutes 1994, section 256H.02, is amended to read:

256H.02 [DUTIES OF COMMISSIONER.]

The commissioner shall develop standards for county and human services boards to provide child care services to enable eligible families to participate in employment, training, or education programs. Within the limits of available appropriations, the commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. The rules shall provide that funds received as a lump sum payment of child support arrearages shall not be counted as income to a family in the month received but shall be prorated over the 12 months following receipt and added to the family income during those months. In the rules adopted under this section, county and human services boards shall be authorized to establish policies for payment of child care spaces for absent children, when the payment is required by the child's regular provider. The rules shall not set a maximum number of days for which absence payments can be made, but instead shall direct the county agency to set limits and pay for absences according to the prevailing market practice in the county. County policies for payment of absences shall be subject to the approval of the commissioner. The commissioner shall maximize the use of federal money under the AFDC employment special needs program in section 256.736, subdivision 8, and other programs that provide federal reimbursement for child care services for recipients of aid to families with dependent children who are in education, training, job search, or other activities allowed under those programs. Money appropriated under this section must be coordinated with the AFDC employment special needs program and other programs that provide federal reimbursement for child care services to accomplish this purpose. Federal reimbursement obtained must be allocated to the county that spent money for child care that is federally reimbursable under programs that provide federal reimbursement for child care services. The counties shall use the federal money to expand child care services. The commissioner may adopt rules under chapter 14 to implement and coordinate federal program requirements.

Sec. 18. Minnesota Statutes 1994, section 257.66, subdivision 4, is amended to read:

Subd. 4. [STATUTE OF LIMITATIONS.] Support judgments or orders ordinarily shall be for periodic payments which may vary in amount. In the best interest of the child, a lump sum payment may be ordered in lieu of periodic payments of support. The court shall limit the parent's liability for past support of the child to the proportion of the expenses that the court deems just, which were incurred in the two years immediately preceding the commencement of the action. In determining the amount of the parent's liability for past support, the court may deviate downward from the guidelines if:

(1) the child for whom child support is sought is more than five years old and the obligor discovered or was informed of the existence of the parent and child relationship within one year of commencement of the action seeking child support;

(2) the obligor is a custodian for or pays support for other children; and

(3) the obligor's family income is less than 175 percent of the federal poverty level.

Sec. 19. Minnesota Statutes 1994, section 518.171, subdivision 2a, is amended to read:

Subd. 2a. [EMPLOYER AND OBLIGOR ~~NOTICE~~ RESPONSIBILITY.] ~~If an individual is hired for employment, the employer shall request that the individual disclose whether the individual has court-ordered medical support obligations that are required by law to be withheld from income and the terms of the court order, if any. The employer shall request that the individual disclose whether the individual has been ordered by a court to provide health and dental dependent insurance coverage. The~~ An individual shall disclose ~~this information~~ at the time of hiring. ~~If an individual discloses that~~ if medical support is required to be withheld, ~~the~~. If an

employee discloses that medical support is required to be withheld, the employer shall begin withholding according to the terms of the order and pursuant to section 518.611, subdivision 8. If an individual discloses an obligation to obtain health and dental dependent insurance coverage and coverage is available through the employer, the employer shall make all application processes known to the individual upon hiring and enroll the employee and dependent in the plan pursuant to subdivision 3.

Sec. 20. Minnesota Statutes 1994, section 518.175, is amended by adding a subdivision to read:

Subd. 8. [CARE OF CHILD BY NONCUSTODIAL PARENT.] The court may allow additional visitation to the noncustodial parent to provide child care while the custodial parent is working if this arrangement is reasonable and in the best interests of the child, as defined in section 518.17, subdivision 1. In addition, the court shall consider:

(1) the ability of the parents to cooperate;

(2) methods for resolving disputes regarding the care of the child, and the parents' willingness to use those methods; and

(3) whether domestic abuse, as defined in section 518B.01, has occurred between the parties.

Sec. 21. Minnesota Statutes 1994, section 518.18, is amended to read:

518.18 [MODIFICATION OF ORDER.]

(a) Unless agreed to in writing by the parties, no motion to modify a custody order may be made earlier than one year after the date of the entry of a decree of dissolution or legal separation containing a provision dealing with custody, except in accordance with paragraph (c).

(b) If a motion for modification has been heard, whether or not it was granted, unless agreed to in writing by the parties no subsequent motion may be filed within two years after disposition of the prior motion on its merits, except in accordance with paragraph (c).

(c) The time limitations prescribed in paragraphs (a) and (b) shall not prohibit a motion to modify a custody order if the court finds that there is persistent and willful denial or interference with visitation, or has reason to believe that the child's present environment may endanger the child's physical or emotional health or impair the child's emotional development.

(d) If the court has jurisdiction to determine child custody matters, the court shall not modify a prior custody order unless it finds, upon the basis of facts, including unwarranted denial of, or interference with, a duly established visitation schedule, that have arisen since the prior order or that were unknown to the court at the time of the prior order, that a change has occurred in the circumstances of the child or the parties and that the modification is necessary to serve the best interests of the child. In applying these standards the court shall retain the custody arrangement established by the prior order unless:

(i) both parties agree to the modification;

(ii) the child has been integrated into the family of the petitioner with the consent of the other party; or

(iii) the child's present environment endangers the child's physical or emotional health or impairs the child's emotional development and the harm likely to be caused by a change of environment is outweighed by the advantage of a change to the child.

In addition, a court may modify a custody order under section 631.52.

(e) In deciding whether to modify a prior joint custody order, the court shall apply the standards set forth in paragraph (d) unless: (1) the parties agree in writing to the application of a different standard, or (2) the party seeking the modification is asking the court for permission to move the residence of the child to another state.

(f) If a custodial parent has been granted sole physical custody of a minor and the child subsequently lives with the noncustodial parent, and temporary sole physical custody has been

approved by the court or by a court-appointed referee, the court may suspend the noncustodial parent's child support obligation pending the final custody determination. The court's order denying the suspension of child support must include a written explanation of the reasons why continuation of the child support obligation would be in the best interests of the child.

Sec. 22. Minnesota Statutes 1994, section 518.24, is amended to read:

518.24 [SECURITY; SEQUESTRATION; CONTEMPT.]

In all cases when maintenance or support payments are ordered, the court may require sufficient security to be given for the payment of them according to the terms of the order. Upon neglect or refusal to give security, or upon failure to pay the maintenance or support, the court may sequester the obligor's personal estate and the rents and profits of real estate of the obligor, and appoint a receiver of them. The court may cause the personal estate and the rents and profits of the real estate to be applied according to the terms of the order. The obligor is presumed to have an income from a source sufficient to pay the maintenance or support order. A child support or maintenance order constitutes prima facie evidence that the obligor has the ability to pay the award. If the obligor disobeys the order, it is prima facie evidence of contempt. The court may cite the obligor for contempt under this section, section 518.617, or chapter 588.

Sec. 23. Minnesota Statutes 1994, section 518.551, subdivision 5, is amended to read:

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. The notice must contain the full names of the parties to the proceeding, their social security account numbers, and their birth dates. After receipt of the notice, the court shall set child support as provided in this subdivision. The court may order either or both parents owing a duty of support to a child of the marriage to pay an amount reasonable or necessary for the child's support, without regard to marital misconduct. The court shall approve a child support stipulation of the parties if each party is represented by independent counsel, unless the stipulation does not meet the conditions of paragraph (i). In other cases the court shall determine and order child support in a specific dollar amount in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom. The court may also order the obligor to pay child support in the form of a percentage share of the obligor's net bonuses, commissions, or other forms of compensation, in addition to, or if the obligor receives no base pay, in lieu of, an order for a specific dollar amount.

(b) The court shall derive a specific dollar amount for child support by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
$550 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
$551 - 600	16%	19%	22%	25%	28%	30%	32%
$601 - 650	17%	21%	24%	27%	29%	32%	34%
$651 - 700	18%	22%	25%	28%	31%	34%	36%
$701 - 750	19%	23%	27%	30%	33%	36%	38%
$751 - 800	20%	24%	28%	31%	35%	38%	40%
$801 - 850	21%	25%	29%	33%	36%	40%	42%
$851 - 900	22%	27%	31%	34%	38%	41%	44%
$901 - 950	23%	28%	32%	36%	40%	43%	46%
$951 - 1000	24%	29%	34%	38%	41%	45%	48%
$1001- 5000	25%	30%	35%	39%	43%	47%	50%

or the amount
in effect under
paragraph (k)

Guidelines for support for an obligor with a monthly income in excess of the income limit currently in effect under paragraph (k) shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income equal to the limit in effect.

Net Income defined as:

Total monthly income less	*(i) Federal Income Tax
	*(ii) State Income Tax
	(iii) Social Security Deductions
	(iv) Reasonable Pension Deductions
*Standard Deductions apply-use of tax tables recommended	(v) Union Dues
	(vi) Cost of Dependent Health Insurance Coverage
	(vii) Cost of Individual or Group Health/Hospitalization Coverage or an Amount for Actual Medical Expenses
	(viii) A Child Support or Maintenance Order that is Currently Being Paid.

"Net income" does not include:

(1) the income of the obligor's spouse, but does include in-kind payments received by the obligor in the course of employment, self-employment, or operation of a business if the payments reduce the obligor's living expenses; or

(2) compensation received by a party for employment in excess of a 40-hour work week, provided that:

(i) support is nonetheless ordered in an amount at least equal to the guidelines amount based on income not excluded under this clause; and

(ii) the party demonstrates, and the court finds, that:

(A) the excess employment began after the filing of the petition for dissolution;

(B) the excess employment reflects an increase in the work schedule or hours worked over that of the two years immediately preceding the filing of the petition;

(C) the excess employment is voluntary and not a condition of employment;

(D) the excess employment is in the nature of additional, part-time or overtime employment compensable by the hour or fraction of an hour; and

(E) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation.

The court shall review the work-related and education-related child care costs paid and shall allocate the costs to each parent in proportion to each parent's net income, as determined under this subdivision, after the transfer of child support and spousal maintenance, unless the allocation would be substantially unfair to either parent. There is a presumption of substantial unfairness if after the sum total of child support, spousal maintenance, and child care costs is subtracted from the noncustodial parent's income, the income is at or below 100 percent of the federal poverty

guidelines. The cost of child care for purposes of this paragraph is 75 percent of the actual cost paid for child care, to reflect the approximate value of state and federal tax credits available to the custodial parent. The actual cost paid for child care is the total amount received by the child care provider for the child or children of the obligor from the obligee or any public agency. The court shall require verification of employment or school attendance and documentation of child care expenses from the obligee and the public agency, if applicable. If child care expenses fluctuate during the year because of seasonal employment or school attendance of the obligee or extended periods of visitation with the obligor, the court shall determine child care expenses based on an average monthly cost. The amount allocated for child care expenses is considered child support but is not subject to a cost-of-living adjustment under section 518.641. The amount allocated for child care expenses terminates when ~~the child care costs end~~ either party notifies the public authority that the child care costs have ended and without any legal action on the part of either party. The public authority shall verify the information received under this provision before authorizing termination. The termination is effective as of the date of the notification. In other cases where there is a substantial increase or decrease in child care expenses, the parties may modify the order under section 518.64.

The court may allow the noncustodial parent to care for the child while the custodial parent is working, as provided in section 518.175, subdivision 8. Allowing the noncustodial parent to care for the child under section 518.175, subdivision 8, is not a reason to deviate from the guidelines.

(c) In addition to the child support guidelines, the court shall take into consideration the following factors in setting or modifying child support or in determining whether to deviate from the guidelines:

(1) all earnings, income, and resources of the parents, including real and personal property, but excluding income from excess employment of the obligor or obligee that meets the criteria of paragraph (b), clause (2)(ii);

(2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported;

(3) the standards of living the child would have enjoyed had the marriage not been dissolved, but recognizing that the parents now have separate households;

(4) which parent receives the income taxation dependency exemption and what financial benefit the parent receives from it;

(5) the parents' debts as provided in paragraph (d); and

(6) the obligor's receipt of assistance under sections 256.72 to 256.87 or 256B.01 to 256B.40.

(d) In establishing or modifying a support obligation, the court may consider debts owed to private creditors, but only if:

(1) the right to support has not been assigned under section 256.74;

(2) the court determines that the debt was reasonably incurred for necessary support of the child or parent or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income; and

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid.

(e) Any schedule prepared under paragraph (d), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

(f) Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase

automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

(g) If payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

(h) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

(i) The guidelines in this subdivision are a rebuttable presumption and shall be used in all cases when establishing or modifying child support. If the court does not deviate from the guidelines, the court shall make written findings concerning the amount of the obligor's income used as the basis for the guidelines calculation and any other significant evidentiary factors affecting the determination of child support. If the court deviates from the guidelines, the court shall make written findings giving the amount of support calculated under the guidelines, the reasons for the deviation, and shall specifically address the criteria in paragraph (b) and how the deviation serves the best interest of the child. The court may deviate from the guidelines if both parties agree and the court makes written findings that it is in the best interests of the child, except that in cases where child support payments are assigned to the public agency under section 256.74, the court may deviate downward only as provided in paragraph (j). Nothing in this paragraph prohibits the court from deviating in other cases. The provisions of this paragraph apply whether or not the parties are each represented by independent counsel and have entered into a written agreement. The court shall review stipulations presented to it for conformity to the guidelines and the court is not required to conduct a hearing, but the parties shall provide the documentation of earnings required under subdivision 5b.

(j) If the child support payments are assigned to the public agency under section 256.74, the court may not deviate downward from the child support guidelines unless the court specifically finds that the failure to deviate downward would impose an extreme hardship on the obligor.

(k) The dollar amount of the income limit for application of the guidelines must be adjusted on July 1 of every even-numbered year to reflect cost-of-living changes. The supreme court shall select the index for the adjustment from the indices listed in section 518.641. The state court administrator shall make the changes in the dollar amount required by this paragraph available to courts and the public on or before April 30 of the year in which the amount is to change.

Sec. 24. Minnesota Statutes 1994, section 518.551, subdivision 12, is amended to read:

Subd. 12. [OCCUPATIONAL LICENSE SUSPENSION.] (a) Upon ~~petition~~ motion of an obligee, if the court finds that the obligor is or may be licensed by a licensing board listed in section 214.01 or other state agency or board that issues an occupational license and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments and is not in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority, the administrative law judge, or the court ~~may~~ shall direct the licensing board or other licensing agency to ~~conduct a hearing~~ suspend the license under section 214.101 ~~concerning suspension of the obligor's license~~. The court's order must be stayed for 90 days in order to allow the obligor to execute a written payment agreement regarding both current support and arrearages. The payment agreement must be approved by either the court or the public authority responsible for child support enforcement. If the obligor has not executed or is not in compliance with a written payment agreement regarding both current support and arrearages after the 90 days expires, the court's order becomes effective. If the obligor is a licensed attorney, the court ~~may~~ shall report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

(b) If a public ~~agency~~ authority responsible for child support enforcement finds that the obligor is or may be licensed by a licensing board listed in section 214.01 or other state agency or board that issues an occupational license and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total

monthly support and maintenance payments and is not in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority, the court, an administrative law judge, or the public ~~agency may~~ authority shall direct the licensing board or other licensing agency to ~~conduct a hearing~~ suspend the license under section 214.101 ~~concerning suspension of the obligor's license~~. If the obligor is a licensed attorney, the public ~~agency~~ authority may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the public ~~agency~~ authority.

(c) At least 90 days before notifying a licensing authority or the lawyers professional responsibility board under paragraph (b), the public authority shall mail a written notice to the license holder addressed to the license holder's last known address that the public authority intends to seek license suspension under this subdivision and that the license holder must request a hearing within 30 days in order to contest the suspension. If the license holder makes a written request for a hearing within 30 days of the date of the notice, either a court hearing or a contested administrative proceeding must be held under section 518.5511, subdivision 4. Notwithstanding any law to the contrary, the license holder must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the license holder. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice, and the obligor does not execute a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge or the public authority with 90 days of the date of the notice, the public authority shall direct the licensing board or other licensing agency to suspend the obligor's license under paragraph (b), or shall report the matter to the lawyers professional responsibility board.

(d) The administrative law judge, on behalf of the public authority, or the court shall notify the lawyers professional responsibility board for appropriate action in accordance with the rules of professional responsibility conduct or order the licensing board or licensing agency to suspend the license if the judge finds that:

(1) the person is licensed by a licensing board or other state agency that issues an occupational license;

(2) the person has not made full payment of arrearages found to be due by the public authority; and

(3) the person has not executed or is not in compliance with a payment plan approved by the court, an administrative law judge, or the public authority.

(e) Within 15 days of the date on which the obligor either makes full payment of arrearages found to be due by the court or public authority or executes and initiates good faith compliance with a written payment plan approved by the court, an administrative law judge, or the public authority, the court, an administrative law judge, or the public authority responsible for child support enforcement shall notify the licensing board or licensing agency or the lawyers professional responsibility board that the obligor is no longer ineligible for license issuance, reinstatement, or renewal under this subdivision.

Sec. 25. Minnesota Statutes 1994, section 518.551, is amended by adding a subdivision to read:

Subd. 13. [DRIVER'S LICENSE SUSPENSION.] (a) Upon motion of an obligee, which has been properly served on the obligor and upon which there has been an opportunity for hearing, if a court finds that the obligor has been or may be issued a driver's license by the commissioner of public safety and the obligor is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments and is not in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority, the court shall order the commissioner of public safety to suspend the obligor's driver's license. The court's order must be stayed for 90 days in order to allow the obligor to execute a written payment agreement regarding both current support and arrearages, which payment agreement must be approved by either the court or the public authority responsible for child support enforcement. If the obligor has not executed or is not in compliance with a written

payment agreement regarding both current support and arrearages after the 90 days expires, the court's order becomes effective and the commissioner of public safety shall suspend the obligor's driver's license. The remedy under this subdivision is in addition to any other enforcement remedy available to the court. An obligee may not bring a motion under this paragraph within 12 months of a denial of a previous motion under this paragraph.

(b) If a public authority responsible for child support enforcement determines that the obligor has been or may be issued a driver's license by the commissioner of public safety and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments and not in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority, the public authority shall direct the commissioner of public safety to suspend the obligor's driver's license. The remedy under this subdivision is in addition to any other enforcement remedy available to the public authority.

(c) At least 90 days prior to notifying the commissioner of public safety pursuant to paragraph (b), the public authority must mail a written notice to the obligor at the obligor's last known address, that it intends to seek suspension of the obligor's driver's license and that the obligor must request a hearing within 30 days in order to contest the suspension. If the obligor makes a written request for a hearing within 30 days of the date of the notice, either a court hearing or a contested administrative proceeding must be held under section 518.5511, subdivision 4. Notwithstanding any law to the contrary, the obligor must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the obligor. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice, and the obligor does not execute a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority within 90 days of the date of the notice, the public authority shall direct the commissioner of public safety to suspend the obligor's driver's license under paragraph (b).

(d) At a hearing requested by the obligor under paragraph (c), and on finding that the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the district court or the administrative law judge shall order the commissioner of public safety to suspend the obligor's driver's license or operating privileges unless the court or administrative law judge determines that the obligor has executed and is in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority.

(e) An obligor whose driver's license or operating privileges are suspended may provide proof to the court or the public authority responsible for child support enforcement that the obligor is in compliance with all written payment agreements regarding both current support and arrearages. Within 15 days of the receipt of that proof, the court or public authority shall inform the commissioner of public safety that the obligor's driver's license or operating privileges should no longer be suspended.

(f) On January 15, 1997, and every two years after that, the commissioner of human services shall submit a report to the legislature that identifies the following information relevant to the implementation of this section:

(1) the number of child support obligors notified of an intent to suspend a driver's license;

(2) the amount collected in payments from the child support obligors notified of an intent to suspend a driver's license;

(3) the number of cases paid in full and payment agreements executed in response to notification of an intent to suspend a driver's license;

(4) the number of cases in which there has been notification and no payments or payment agreements;

(5) the number of driver's licenses suspended; and

(6) the cost of implementation and operation of the requirements of this section.

Sec. 26. Minnesota Statutes 1994, section 518.551, is amended by adding a subdivision to read:

Subd. 14. [MOTOR VEHICLE LIEN.] (a) Upon motion of an obligee, if a court finds that the obligor is the registered owner of a motor vehicle and the obligor is a debtor for a judgment debt resulting from nonpayment of court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the court shall order the commissioner of public safety to enter a lien in the name of the obligee or in the name of the state of Minnesota, as appropriate, in accordance with section 168A.05, subdivision 8, unless the court finds that the obligor is in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority or that the obligor's interest in the motor vehicle is valued at less than $4,500. The court's order must be stayed for 90 days in order to allow the obligor to either execute a written payment agreement regarding both current support and arrearages, which agreement shall be approved by either the court or the public authority responsible for child support enforcement, or to allow the obligor to demonstrate that the ownership interest in the motor vehicle is valued at less than $4,500. If the obligor has not executed or is not in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority or has not demonstrated that the ownership interest in the motor vehicle is valued at less than $4,500 within the 90-day period, the court's order becomes effective and the commissioner of public safety shall record the lien. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

(b) If a public authority responsible for child support enforcement determines that the obligor is the registered owner of a motor vehicle and the obligor is a debtor for judgment debt resulting from nonpayment of court-ordered child support or maintenance payments, or both, in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the public authority shall direct the commissioner of public safety to enter a lien in the name of the obligee or in the name of the state of Minnesota, as appropriate, under section 168A.05, subdivision 8, unless the public authority determines that the obligor is in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority or that the obligor's ownership interest in the motor vehicle is valued at less than $4,500. The remedy under this subdivision is in addition to any other enforcement remedy available to the public agency.

(c) At least 90 days prior to notifying the commissioner of public safety pursuant to paragraph (b), the public authority must mail a written notice to the obligor at the obligor's last known address, that it intends to record a lien on the obligor's motor vehicle certificate of title and that the obligor must request a hearing within 30 days in order to contest the action. If the obligor makes a written request for a hearing within 30 days of the date of the notice, either a court hearing or a contested administrative proceeding must be held under section 518.5511, subdivision 4. Notwithstanding any law to the contrary, the obligor must be served with 14 day's notice in writing specifying the time and place of the hearing and the allegations against the obligor. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice and the obligor does not execute a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority or demonstrate to the public authority that the obligor's ownership interest in the motor vehicle is valued at less than $4,500 within 90 days of the date of the notice, the public authority shall direct the commissioner of public safety to record the lien under paragraph (b).

(d) At a hearing requested by the obligor under paragraph (c), and on finding that the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments, the district court or the administrative law judge shall order the commissioner of public safety to record the lien unless the court or administrative law judge determines that:

(1) the obligor has executed and is in compliance with a written payment agreement regarding both current support and arrearages determined to be acceptable by the court, an administrative law judge, or the public authority; or

(2) the obligor has demonstrated that the ownership interest in the motor vehicle is valued at less than $4,500.

(e) An obligor who has had a lien recorded against a motor vehicle certificate of title may provide proof to the court or the public authority responsible for child support enforcement that the obligor is in compliance with all written payment agreements regarding both current support and arrearages. Within 15 days of the receipt of that proof, the court or public authority shall execute a release of security interest under section 168A.20, subdivision 4, and mail or deliver the release to the owner or other authorized person. The dollar amounts in this section shall change periodically in the manner provided in section 550.37, subdivision 4a.

Sec. 27. [518.553] [PAYMENT AGREEMENTS.]

In proposing or approving proposed written payment agreements for purposes of section 518.551, the court, an administrative law judge, or the public authority shall take into consideration the amount of the arrearages, the amount of the current support order, any pending request for modification, and the earnings of the obligor.

Sec. 28. Minnesota Statutes 1994, section 518.613, is amended by adding a subdivision to read:

Subd. 8. [INTEREST ON AMOUNT WRONGFULLY WITHHELD.] If an excessive amount of child support is wrongfully withheld from the obligor's income because of an error by the public authority, the public authority shall pay interest based on the rate under section 549.09 on the amount wrongfully withheld from the time of the withholding until it is repaid to the obligor.

Sec. 29. [518.616] [ADMINISTRATIVE SEEK EMPLOYMENT ORDERS.]

Subdivision 1. [COURT ORDER.] For any support order being enforced by the public authority, the public authority may seek a court order requiring the obligor to seek employment if:

(1) employment of the obligor cannot be verified;

(2) the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments; and

(3) the obligor is not in compliance with a written payment plan.

Upon proper notice being given to the obligor, the court may enter a seek employment order if it finds that the obligor has not provided proof of gainful employment and has not consented to an order for income withholding under section 518.611 or 518.613 or entered into a written payment plan approved by the court, an administrative law judge, or the public authority.

Subd. 2. [CONTENTS OF ORDER.] The order to seek employment shall:

(1) order that the obligor seek employment within a determinate amount of time;

(2) order that the obligor file with the public authority on a weekly basis a report of at least five new attempts to find employment or of having found employment, which report must include the names, addresses, and telephone numbers of any employers or businesses with whom the obligor attempted to seek employment and the name of the individual contact to whom the obligor made application for employment or to whom an inquiry was directed;

(3) notify the obligor that failure to comply with the order is evidence of a willful failure to pay support under section 518.617;

(4) order that the obligor provide the public authority with verification of any reason for noncompliance with the order; and

(5) specify the duration of the order, not to exceed three months.

Sec. 30. [518.617] [CONTEMPT PROCEEDINGS FOR NONPAYMENT OF SUPPORT.]

Subdivision 1. [GROUNDS.] If a person against whom an order or decree for support has been entered under this chapter, chapter 256, or a comparable law from another jurisdiction, is in arrears in court-ordered child support or maintenance payments in an amount equal to or greater than three times the obligor's total monthly support and maintenance payments and is not in compliance with a written payment plan approved by the court, an administrative law judge, or the public authority, the person may be cited and punished by the court for contempt under section 518.64, chapter 588, or this section. Failure to comply with a seek employment order entered under section 518.616 is evidence of willful failure to pay support.

Subd. 2. [COURT OPTIONS.] (a) If a court cites a person for contempt under this section, and the obligor lives in a county that contracts with the commissioner of human services under section 256.997, the court may order the performance of community service work up to 32 hours per week for six weeks for each finding of contempt if the obligor:

(1) is able to work full time;

(2) works an average of less than 32 hours per week; and

(3) has actual weekly gross income averaging less than 40 times the federal minimum hourly wage under United States Code, title 29, section 206(a)(1), or is voluntarily earning less than the obligor has the ability to earn, as determined by the court.

An obligor is presumed to be able to work full time. The obligor has the burden of proving inability to work full time.

(b) A person ordered to do community service work under paragraph (a) may, during the six-week period, apply to the court, an administrative law judge, or the public authority to be released from the community service work requirement if the person:

(1) provides proof to the court, an administrative law judge, or the public authority that the person is gainfully employed and submits to an order for income withholding under section 518.611 or 518.613;

(2) enters into a written payment plan regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority; or

(3) provides proof to the court, an administrative law judge, or the public authority that, subsequent to entry of the order, the person's circumstances have so changed that the person is no longer able to fulfill the terms of the community service order.

Subd. 3. [CONTINUING OBLIGATIONS.] The performance of community service work does not relieve a child support obligor of any unpaid accrued or accruing support obligation.

Sec. 31. Minnesota Statutes 1994, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under sections 256.72 to 256.87 or 256B.01 to 256B.40; (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair; (5) extraordinary medical expenses of the child not provided for under section 518.171; or (6) the addition of work-related or education-related child care expenses of the obligee or a substantial increase or decrease in existing work-related or education-related child care expenses.

It is presumed that there has been a substantial change in circumstances under clause (1), (2), or (4) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least $50 per month higher or lower than the current support order.

(b) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(c) A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion. The court may provide that a reduction in the amount allocated for child care expenses based on a substantial decrease in the expenses is effective as of the date the expenses decreased.

(d) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

(e) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(f) Section 518.14 shall govern the award of attorney fees for motions brought under this subdivision.

Sec. 32. [PUBLIC EDUCATION CAMPAIGN.]

The commissioner of human services shall contract with the attorney general to continue the public service campaign established in Minnesota Statutes, section 8.35. The terms and conditions of the contract shall be established by the attorney general.

Sec. 33. [VISITATION STUDY.]

(a) The supreme court is requested to study whether there is a relationship between visitation and payment of child support in Minnesota. The study shall examine the extent to which:

(1) custodial parents deny noncustodial parents court-ordered visitation and other parental rights;

(2) noncustodial parents fail to exercise their court-ordered visitation;

(3) lack of access to the courts prevents timely resolution of visitation matters; and

(4) visitation impacts noncustodial parents' compliance with court-ordered child support.

(b) The study shall include recommendations on the following:

(1) methods for resolving visitation matters in an efficient, nonadversarial setting that is accessible to parties at the lowest possible cost;

(2) statutory changes that would encourage compliance with court-ordered visitation; and

(3) the effectiveness and impact of a policy linking visitation and payment of child support.

In conducting the study, the supreme court shall consult with custodial and noncustodial parents, private attorneys, judges, administrative law judges, county attorneys, legal services, court services, guardians ad litem, professionals who work with children, the department of human services, advocacy groups, and children. The supreme court shall report the study and recommendations to the legislature no later than January 15, 1997, and may make interim recommendations for the 1996 legislative session.

Sec. 34. [REPORT.]

The commissioner shall evaluate all child support programs and enforcement mechanisms. The evaluation must include a cost-benefit analysis of each program or enforcement mechanism, and information related to which programs produce the highest revenue, reduce arrears, avoid litigation, and result in the best outcome for children and their parents.

The reports related to the provisions in this chapter are due two years after the implementation date. All other reports on existing programs and enforcement mechanisms are due January 15, 1997.

Sec. 35. [WAIVERS.]

Subdivision 1. [CHILD SUPPORT ASSURANCE.] The commissioner of human services shall seek a waiver from the secretary of the United States Department of Health and Human Services to enable the department of human services to operate a demonstration project of child support assurance. The commissioner shall seek authority from the legislature to implement a demonstration project of child support assurance when enhanced federal funds become available for this purpose.

Subd. 2. [COOPERATION FOR THE CHILDREN.] The commissioner of human services shall seek a waiver from the secretary of the United States Department of Health and Human Services to enable the department of human services to operate the cooperation for the children demonstration project.

Subd. 3. [OBLIGOR COMMUNITY SERVICE.] The commissioner of human services shall seek a waiver from the secretary of the United States Department of Health and Human Services to enable the department of human services to operate the child support obligor community service work experience program.

Sec. 36. [REPEALER.]

Minnesota Statutes 1994, section 214.101, subdivisions 2 and 3, are repealed. Minnesota Statutes 1994, sections 518.561; and 518.611, subdivision 8, are repealed effective July 1, 1996.

Sec. 37. [EFFECTIVE DATE.]

Sections 2 to 11, 25, and 26 are effective January 1, 1996. Sections 1, 16, and 19 are effective July 1, 1996. Section 18 is effective the day following final enactment.

ARTICLE 2

CHILD SUPPORT PAYMENT CENTER

Section 1. [518.5851] [CHILD SUPPORT PAYMENT CENTER; DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of the child support center established under sections 518.5851 to 518.5853, the following terms have the meanings given.

Subd. 2. [CENTRAL COLLECTIONS UNIT.] "Central collections unit" means the unit created under section 518.5852.

Subd. 3. [LOCAL CHILD SUPPORT AGENCY.] "Local child support agency" means the entity at the county level that is responsible for providing child support enforcement services.

Subd. 4. [PAYMENT.] "Payment" means the payment of child support, medical support, maintenance, and related payments required by order of a tribunal, voluntary support, or statutory fees.

Subd. 5. [TRIBUNAL.] "Tribunal" has the meaning given in section 518C.101.

Sec. 2. [518.5852] [CENTRAL COLLECTIONS UNIT.]

The commissioner of human services shall create and maintain a central collections unit for the purpose of receiving, processing, and disbursing payments, and for maintaining a record of payments, in all cases in which:

(1) the state or county is a party;

(2) the state or county provides child support enforcement services to a party; or

(3) payment is collected through income withholding.

The commissioner of human services may contract for services to carry out these provisions.

Sec. 3. [518.5853] [MANDATORY PAYMENT OF OBLIGATIONS TO CENTRAL COLLECTIONS UNIT.]

Subdivision 1. [LOCATION OF PAYMENT.] All payments described in section 518.5852 must be made to the central collections unit.

Subd. 2. [AGENCY DESIGNATION OF LOCATION.] Each local child support agency shall provide a location within the agency to receive payments. A local agency receiving a payment shall transmit the funds to the central collections unit within one working day of receipt of the payment.

Subd. 3. [INCENTIVES.] Notwithstanding any rule to the contrary, incentives must be paid to the county providing services and maintaining the case to which the payment is applied. Incentive payments awarded for the collection of child support must be based solely upon payments processed by the central collections unit. Incentive payments received by the county under this subdivision shall be used for county child support collection efforts.

Subd. 4. [ELECTRONIC TRANSFER OF FUNDS.] The central collections unit is authorized to engage in the electronic transfer of funds for the receipt and disbursement of funds.

Subd. 5. [REQUIRED CONTENT OF ORDER.] A tribunal issuing an order that establishes or modifies a payment shall issue an income withholding order in conformity with section 518.613, subdivision 2. The automatic income withholding order must include the name of the obligor, the obligor's social security number, the obligor's date of birth, and the name and address of the obligor's employer. The street mailing address and the electronic mail address for the central collections unit must be included in each automatic income withholding order issued by a tribunal.

Subd. 6. [TRANSMITTAL OF ORDER TO THE LOCAL AGENCY BY THE TRIBUNAL.] The tribunal shall transmit a copy of the order establishing or modifying the payment, and a copy of the automatic income withholding order, to the local child support agency within two working

days of the approval of the order by the judge or administrative law judge or other person or entity authorized to sign the automatic withholding order.

Subd. 7. [TRANSMITTAL OF FUNDS FROM THE OBLIGOR OR PAYOR OF FUNDS TO THE CENTRAL COLLECTIONS UNIT.] The obligor or other payor of funds shall identify the obligor on the check or remittance by name, payor number, and social security number, and shall comply with section 518.611, subdivision 4.

Subd. 8. [SANCTION FOR CHECKS DRAWN ON INSUFFICIENT FUNDS.] A notice may be directed to any person or entity submitting a check drawn on insufficient funds stating that future payment must be paid by cash or certified funds. The central collections unit and the local child support agency may refuse a check from a person or entity that has been given notice that payments must be in cash or certified funds.

Subd. 9. [ADMISSIBILITY OF PAYMENT RECORDS.] A copy of the record of payments maintained by the central collections unit in section 518.5852 is admissible evidence in all tribunals as proof of payments made through the central collections unit without the need of testimony to prove authenticity.

Subd. 10. [TRANSITION PROVISIONS.] (a) The commissioner of human services shall develop a plan for the implementation of the central collections unit. The plan must require that payments be redirected to the central collections unit. Payments may be redirected in groups according to county of origin, county of payment, method of payment, type of case, or any other distinguishing factor designated by the commissioner.

(b) Notice that payments must be made to the central collections unit must be provided to the obligor and to the payor of funds within 30 days prior to the redirection of payments to the central collections unit. After the notice has been provided to the obligor or payor of funds, mailed payments received by a local child support agency must be forwarded to the central collections unit. A notice must be sent to the obligor or payor of funds stating that payment application may be delayed and provide directions to submit future payment to the central collections unit.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective January 1, 1997.

ARTICLE 3

CHILD SUPPORT DATA COLLECTION AND PUBLICATION

Section 1. Minnesota Statutes 1994, section 256.978, subdivision 1, is amended to read:

Subdivision 1. [REQUEST FOR INFORMATION.] The commissioner of human services, in order to locate a person to establish paternity, child support, or to enforce a child support obligation in arrears, may request information reasonably necessary to the inquiry from the records of all departments, boards, bureaus, or other agencies of this state, which shall, notwithstanding the provisions of section 268.12, subdivision 12, or any other law to the contrary, provide the information necessary for this purpose. Employers, utility companies, insurance companies, financial institutions, and labor associations doing business in this state shall provide information as provided under subdivision 2 upon written request by an agency responsible for child support enforcement regarding individuals owing or allegedly owing a duty to support within 30 days of the receipt of the written request made by the public authority. Information requested and used or transmitted by the commissioner pursuant to the authority conferred by this section may be made available only to public officials and agencies of this state and its political subdivisions and other states of the union and their political subdivisions who are seeking to enforce the support liability of parents or to locate parents. The commissioner may not release the information to an agency or political subdivision of another state unless the agency or political subdivision is directed to maintain the data consistent with its classification in this state. Information obtained under this section may not be released except to the extent necessary for the administration of the child support enforcement program or when otherwise authorized by law.

Sec. 2. Minnesota Statutes 1994, section 518.575, is amended to read:

518.575 [PUBLICATION OF NAMES OF DELINQUENT CHILD SUPPORT OBLIGORS.]

~~Every three months~~ Subdivision 1. [PUBLICATION OF NAMES.] Twice each year, the ~~department~~ commissioner of human services shall publish ~~in the newspaper of widest circulation in each county~~ a list of the names and last known addresses of each person who (1) is a child support obligor, (2) ~~resides in the county, (3)~~ is at least $3,000 in arrears, and ~~(4) has not made a child support payment, or has made only partial child support payments that total less than 25 percent of the amount of child support owed, for the last 12 months including any payments made through the interception of federal or state taxes. The rate charged for publication shall be the newspaper's lowest classified display rate, including all available discounts.~~

(3) is not in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority. The commissioner of human services shall publish the name of each obligor in the newspaper or newspapers of widest circulation in the area where the obligor is most likely to be residing. For each publication, the commissioner shall release the list of all names being published not earlier than the first day on which names appear in any newspaper. An obligor's name may not be published if the obligor claims in writing, and the ~~department~~ commissioner of human services determines, there is good cause for the nonpayment of child support. Good cause includes the following: (i) there is a mistake in the obligor's identity or the amount of the obligor's arrears; (ii) arrears are reserved by the court or there is a pending legal action concerning the unpaid child support; or (iii) other circumstances as determined by the commissioner. The list must be based on the best information available to the state at the time of publication.

Before publishing the name of the obligor, the department of human services shall send a notice to the obligor's last known address which states the department's intention to publish the obligor's name and the amount of child support the obligor owes. The notice must also provide an opportunity to have the obligor's name removed from the list by paying the arrearage or by entering into an agreement to pay the arrearage, and the final date when the payment or agreement can be accepted.

The department of human services shall insert with the notices sent to the obligee, a notice stating the intent to publish the obligor's name, and the criteria used to determine the publication of the obligor's name.

Subd. 2. [NAMES PUBLISHED IN ERROR.] If the commissioner publishes a name under subdivision 1 which is in error, the commissioner must also offer to publish a printed retraction and apology acknowledging that the name was published in error. The retraction and apology must appear in each publication that included the original notice with the name listed in error, and it must appear in the same type size and appear the same number of times as the original notice.

Sec. 3. Minnesota Statutes 1994, section 518.611, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Whenever an obligation for support of a dependent child or maintenance of a spouse, or both, is determined and ordered by a court of this state, the amount of child support or maintenance as determined by court order must be withheld from the income, regardless of source, of the person obligated to pay the support or maintenance, and paid through the public authority. The court shall provide a copy of any order where withholding is ordered to the public authority responsible for support collections. Every order for maintenance or support must include:

(1) the obligor's social security number and date of birth and the name and address of the obligor's employer or other payor of funds; and

(2) provisions for the obligor to keep the public authority informed of the name and address of the obligor's current employer or payor of funds, and whether the obligor has access to employment-related health insurance coverage and, if so, the health insurance policy information.

Sec. 4. Minnesota Statutes 1994, section 518.611, subdivision 2, is amended to read:

Subd. 2. [CONDITIONS OF INCOME WITHHOLDING.] (a) Withholding shall result when:

(1) the obligor requests it in writing to the public authority;

(2) the custodial parent requests it by making a motion to the court; or

(3) the obligor fails to make the maintenance or support payments, and the following conditions are met:

(i) the obligor is at least 30 days in arrears;

(ii) the obligee or the public authority serves written notice of income withholding, showing arrearage, on the obligor at least 15 days before service of the notice of income withholding and a copy of the court's order on the payor of funds;

(iii) within the 15-day period, the obligor fails to move the court to deny withholding on the grounds that an arrearage of at least 30 days does not exist as of the date of the notice of income withholding, or on other grounds limited to mistakes of fact, and, ex parte, to stay service on the payor of funds until the motion to deny withholding is heard;

(iv) the obligee or the public authority ~~serves a copy of the notice of income withholding, a copy of the court's order or notice of order,~~ sends the payor of funds a notice of the withholding requirements and the provisions of this section ~~on the payor of funds~~; and

(v) the obligee serves on the public authority a copy of the notice of income withholding, a copy of the court's order, an application, and the fee to use the public authority's collection services.

For those persons not applying for the public authority's IV-D services, a monthly service fee of $15 must be charged to the obligor in addition to the amount of child support ordered by the court and withheld through automatic income withholding, or for persons applying for the public authority's IV-D services, the service fee under section 518.551, subdivision 7, applies. The county agency shall explain to affected persons the services available and encourage the applicant to apply for IV-D services.

(b) ~~To pay the arrearage specified in the notice of income withholding,~~ The employer or payor of funds shall withhold from the obligor's income an additional amount equal to 20 percent of the monthly child support or maintenance obligation until the arrearage is paid.

(c) The obligor may move the court, under section 518.64, to modify the order respecting the amount of maintenance or support.

(d) Every order for support or maintenance shall provide for a conspicuous notice of the provisions of this subdivision that complies with section 518.68, subdivision 2. An order without this notice remains subject to this subdivision.

(e) Absent a court order to the contrary, if an arrearage exists at the time an order for ongoing support or maintenance would otherwise terminate, income withholding shall continue in effect in an amount equal to the former support or maintenance obligation plus an additional amount equal to 20 percent of the monthly child support obligation, until all arrears have been paid in full.

Sec. 5. Minnesota Statutes 1994, section 518.611, subdivision 5, is amended to read:

Subd. 5. [ARREARAGE ORDER.] Nothing in this section shall prevent the court from ordering the payor of funds to withhold amounts to satisfy the obligor's previous arrearage in child support or maintenance payments, the obligor's liability for reimbursement of child support or of public assistance pursuant to sections 256.87 and 257.66, for pregnancy and confinement expenses and for blood test costs, and any service fees that may be imposed under section 518.551. This remedy shall not operate to exclude availability of other remedies to enforce judgments.

Sec. 6. Minnesota Statutes 1994, section 518.611, subdivision 6, is amended to read:

Subd. 6. [PRIORITY.] (a) An order for withholding under this section or execution or garnishment upon a judgment for child support arrearages or preadjudicated expenses shall have priority over an attachment, execution, garnishment, or wage assignment and shall not be subject to the statutory limitations on amounts levied against the income of the obligor. Amounts withheld from an employee's income must not exceed the maximum permitted under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b)(2).

(b) If ~~there is more than one withholding order on~~ a single employee is subject to multiple withholding orders for the support of more than one child, the payor of funds shall comply with all of the orders to the extent that the total amount withheld from the payor's income does not exceed the limits imposed under the Consumer Credit Protection Act, giving priority to amounts designated in each order as current support as follows:

(1) if the total of the amounts designated in the orders as current support exceeds the amount available for income withholding, the payor of funds shall allocate to each order an amount for current support equal to the amount designated in that order as current support, divided by the total of the amounts designated in the orders as current support, multiplied by the amount of the income available for income withholding; and

(2) if the total of the amounts designated in the orders as current support does not exceed the amount available for income withholding, the payor of funds shall pay the amounts designated as current support, and shall allocate to each order an amount for past due support equal to the amount designated in that order as past due support, divided by the total of the amounts designated in the orders as past due support, multiplied by the amount of income remaining available for income withholding after the payment of current support.

(c) If more than one order exists involving the same obligor and child, the public authority shall enforce the most current order. Income withholding that has been implemented under a previous order pursuant to this section or section 518.613 shall be terminated as of the date of the most current order. The public authority shall notify the payor of funds to withhold under the most current order.

(d) Notwithstanding any law to the contrary, funds from income sources included in section 518.54, subdivision 6, whether periodic or lump sum, are not exempt from attachment or execution upon a judgment for child support arrearages.

Sec. 7. Minnesota Statutes 1994, section 518.611, subdivision 8a, is amended to read:

Subd. 8a. [LUMP SUM PAYMENTS.] ~~(a) Upon the~~ Before transmittal ~~of the last reimbursement payment~~ to the ~~employee, where~~ obligor of a lump sum payment including, but not limited to, severance pay, accumulated sick pay ~~or~~, vacation pay ~~is paid upon termination of employment, and where the employee is in arrears in making court ordered child support payments, the employer shall withhold an amount which is the lesser of (1) the amount in arrears or (2) that portion of the arrearages which is the product of the obligor's monthly court ordered support amount multiplied by the number of months of net income that the lump sum payment represents.~~

~~(b)~~ bonuses, commissions, or other pay or benefits:

(1) an employer, trustee, or other payor of funds who has been served with a notice of income withholding under subdivision 2 or section 518.613 must:

~~(1)~~ (i) notify the public authority of any lump sum payment of $500 or more that is to be paid to the obligor;

~~(2)~~ (ii) hold the lump sum payment for 30 days after the date on which the lump sum payment would otherwise have been paid to the obligor, notwithstanding sections 181.08, 181.101, 181.11, 181.13, and 181.145; ~~and~~

~~(3)~~ (iii) upon order of the court, pay any specified amount of the lump sum payment to the public authority for current support~~.~~ or reimbursement of support judgment, judgments, or arrearages; and

(iv) upon order of the court, and after a showing of past willful nonpayment of support, pay any specified amount of the lump sum payment to the public authority for future support; or

(2) upon service by United States mail of a sworn affidavit from the public authority or a court order stating:

(i) that a judgment entered pursuant to section 548.091, subdivision 1a, exists against the obligor, or that other support arrearages exist;

(ii) that a portion of the judgment, judgments, or arrearages remains unpaid; and

(iii) the current balance of the judgment, judgments, or arrearages, the payor of funds shall pay to the public authority the lesser of the amount of the lump sum payment or the total amount of judgments plus arrearages as stated in affidavit or court order, subject to the limits imposed under the consumer credit protection act.

Sec. 8. Minnesota Statutes 1994, section 518.613, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Notwithstanding any provision of section 518.611, subdivision 2 or 3, to the contrary, whenever an obligation for child support or maintenance, enforced by the public authority, is initially determined and ordered or modified by the court ~~in a county in which this section applies~~, the amount of child support or maintenance ordered by the court and any fees assessed by the public authority responsible for child support enforcement must be withheld from the income and forwarded to the public authority, regardless of the source of income, of the person obligated to pay the support.

Sec. 9. Minnesota Statutes 1994, section 518.613, subdivision 2, is amended to read:

Subd. 2. [ORDER; COLLECTION SERVICES.] Every order for child support must include the obligor's social security number and date of birth and the name and address of the obligor's employer or other payor of funds. In addition, every order must contain provisions requiring the obligor to keep the public authority informed of the name and address of the obligor's current employer, or other payor of funds and whether the obligor has access to employment-related health insurance coverage and, if so, the health insurance policy information. Upon entry of the order for support or maintenance, the court shall ~~mail a copy of the court's automatic income withholding order and the provisions of section 518.611 and this section to the obligor's employer or other payor of funds and~~ provide a copy of the withholding order to the public authority responsible for child support enforcement. An obligee who is not a recipient of public assistance must decide to either apply for the IV-D collection services of the public authority or obtain income withholding only services when an order for support is entered unless the requirements of this section have been waived under subdivision 7. The supreme court shall develop a standard automatic income withholding form to be used by all Minnesota courts. This form shall be made a part of any order for support or decree by reference.

Sec. 10. Minnesota Statutes 1994, section 518.614, subdivision 1, is amended to read:

Subdivision 1. [STAY OF SERVICE.] If the court finds there is no arrearage in child support or maintenance as of the date of the court hearing, the court shall stay service of the order under section 518.613, subdivision 2, ~~in a county in which that section applies~~ if the obligor establishes a savings account for a sum equal to two months of the monthly child support or maintenance obligation and provides proof of the establishment to the court and the public authority on or before the day of the court hearing determining the obligation. This sum must be held in a financial institution in an interest-bearing account with only the public authority authorized as drawer of funds. Proof of the establishment must include the financial institution name and address, account number, and the amount of deposit.

Sec. 11. Minnesota Statutes 1994, section 518.64, subdivision 4, is amended to read:

Subd. 4. Unless otherwise agreed in writing or expressly provided in the order, provisions for the support of a child are not terminated ~~by emancipation of the child but not~~ by the death of a parent obligated to support the child. When a parent obligated to pay support dies, the amount of support may be modified, revoked, or commuted to a lump sum payment, to the extent just and appropriate in the circumstances.

Sec. 12. Minnesota Statutes 1994, section 518.64, is amended by adding a subdivision to read:

Subd. 4a. [AUTOMATIC TERMINATION OF SUPPORT.] (a) Unless a court order provides otherwise, a child support obligation in a specific amount per child terminates automatically and without any action by the obligor to reduce, modify, or terminate the order upon the emancipation of the child as provided under section 518.54, subdivision 2.

(b) A child support obligation for two or more children that is not a support obligation in a

specific amount per child continues in the full amount until the emancipation of the last child for whose benefit the order was made, or until further order of the court.

(c) The obligor may request a modification of the obligor's child support order upon the emancipation of a child if there are still minor children under the order. The child support obligation shall be determined based on the income of the parties at the time the modification is sought.

Sec. 13. Minnesota Statutes 1994, section 518C.310, is amended to read:

518C.310 [DUTIES OF STATE INFORMATION AGENCY.]

(a) The unit within the department of human services that receives and disseminates incoming interstate actions under title IV-D of the Social Security Act from section 518C.02, subdivision 1a, is the state information agency under this chapter.

(b) The state information agency shall:

(1) compile and maintain a current list, including addresses, of the tribunals in this state which have jurisdiction under this chapter and any support enforcement agencies in this state and transmit a copy to the state information agency of every other state;

(2) maintain a register of tribunals and support enforcement agencies received from other states;

(3) forward to the appropriate tribunal in the place in this state in which the individual obligee or the obligor resides, or in which the obligor's property is believed to be located, all documents concerning a proceeding under this chapter received from an initiating tribunal or the state information agency of the initiating state; ~~and~~

(4) obtain information concerning the location of the obligor and the obligor's property within this state not exempt from execution, by such means as postal verification and federal or state locator services, examination of telephone directories, requests for the obligor's address from employers, and examination of governmental records, including, to the extent not prohibited by other law, those relating to real property, vital statistics, law enforcement, taxation, motor vehicles, driver's licenses, and social security~~.~~; and

(5) determine which foreign jurisdictions and Indian tribes have substantially similar procedures for issuance and enforcement of support orders. The state information agency shall compile and maintain a list, including addresses, of all these foreign jurisdictions and Indian tribes. The state information agency shall make this list available to all state tribunals and all support enforcement agencies.

Sec. 14. Minnesota Statutes 1994, section 548.15, is amended to read:

548.15 [DISCHARGE OF RECORD.]

Subdivision 1. [GENERAL.] Except as provided in subdivision 2, upon the satisfaction of a judgment, whether wholly or in part, or as to all or any of several defendants, the court administrator shall enter the satisfaction in the judgment roll, and note it, with its date, on the docket. If the docketing is upon a transcript from another county, the entry on the docket is sufficient. A judgment is satisfied when there is filed with the court administrator:

(1) an execution satisfied, to the extent stated in the sheriff's return on it;

(2) a certificate of satisfaction signed and acknowledged by the judgment creditor;

(3) a like certificate signed and acknowledged by the attorney of the creditor, unless that attorney's authority as attorney has previously been revoked and an entry of the revocation made upon the register; the authority of an attorney to satisfy a judgment ceases at the end of six years from its entry;

(4) an order of the court, made on motion, requiring the execution of a certificate of satisfaction, or directing satisfaction to be entered without it;

(5) where a judgment is docketed on transcript, a copy of either of the foregoing documents, certified by the court administrator in which the judgment was originally entered and in which the originals were filed.

A satisfaction made in the name of a partnership is valid if executed by a member of it while the partnership continues. The judgment creditor, or the creditor's attorney while the attorney's authority continues, may also satisfy a judgment of record by a brief entry on the register, signed by the creditor or the creditor's attorney and dated and witnessed by the court administrator, who shall note the satisfaction on the margin of the docket. Except as provided in subdivision 2, when a judgment is satisfied otherwise than by return of execution, the judgment creditor or the creditor's attorney shall file a certificate of it with the court administrator within ten days after the satisfaction or within 30 days of payment by check or other noncertified funds.

Subd. 2. [CHILD SUPPORT OR MAINTENANCE JUDGMENT.] In the case of a judgment for child support or spousal maintenance, an execution or certificate of satisfaction need not be filed with the court until the judgment is satisfied in full.

Sec. 15. Minnesota Statutes 1994, section 609.375, subdivision 1, is amended to read:

Subdivision 1. Whoever is legally obligated to provide care and support to a spouse ~~who is in necessitous circumstances,~~ or child, whether or not its custody has been granted to another, and knowingly omits and fails without lawful excuse to do so is guilty of a misdemeanor, and upon conviction may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than $700, or both.

Sec. 16. [SUSPENSION OF PUBLICATIONS.]

Notwithstanding Minnesota Statutes, section 518.575, the commissioner of human services may not publish names of delinquent child support obligors until January 1, 1997; prior to January 1, 1997, a county may publish names in accordance with Minnesota Statutes, section 518.575, provided the publication is cost-neutral to the state.

Sec. 17. [REPEALER.]

Minnesota Statutes 1994, section 518.64, subdivision 6, is repealed.

Sec. 18. [EFFECTIVE DATE.]

Section 16 is effective the day following final enactment.

ARTICLE 4

RECOGNITION OF PARENTAGE; MN ENABL

Section 1. [145.9255] [MN ENABL, MINNESOTA EDUCATION NOW AND BABIES LATER.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of health, in consultation with a representative from Minnesota planning, the commissioner of human services, and the commissioner of education, shall develop and implement the Minnesota education now and babies later (MN ENABL) program, targeted to adolescents ages 12 to 14, with the goal of reducing the incidence of adolescent pregnancy in the state. The program must provide a multifaceted, primary prevention, community health promotion approach to educating and supporting adolescents in the decision to postpone sexual involvement modeled after the ENABL program in California. The commissioner of health shall consult with the chief of the health education section of the California department of health services for general guidance in developing and implementing the program.

Subd. 2. [DEFINITION.] "Community-based local contractor" or "contractor" includes boards of health under section 145A.02, nonprofit organizations, or school districts. The community-based local contractors may provide the education component of MN ENABL in a variety of settings including, but not limited to, schools, religious establishments, local community centers, and youth camps.

Subd. 3. [DUTIES OF COMMISSIONER OF HEALTH.] The commissioner shall:

(1) manage the grant process, including awarding and monitoring grants to community-based local contractors, and may contract with community-based local contractors that can demonstrate at least a 25 percent local match and agree to participate in the four MN ENABL program components under subdivision 4;

(2) provide technical assistance to the community-based local contractors as necessary under subdivision 4;

(3) develop and implement the evaluation component, and provide centralized coordination at the state level of the evaluation process; and

(4) explore and pursue the federal funding possibilities and specifically request funding from the United States Department of Health and Human Services to supplement the development and implementation of the program.

Subd. 4. [PROGRAM COMPONENTS.] The program must include the following four major components:

(a) A community organization component in which the community-based local contractors shall include:

(1) use of a postponing sexual involvement education curriculum targeted to boys and girls ages 12 to 14 in schools and/or community settings;

(2) planning and implementing community organization strategies to convey and reinforce the MN ENABL message of postponing sexual involvement, including activities promoting awareness and involvement of parents and other primary caregivers/significant adults, schools, and community; and

(3) development of local media linkages.

(b) A statewide, comprehensive media and public relations campaign to promote changes in sexual attitudes and behaviors, and reinforce the message of postponing adolescent sexual involvement.

The commissioner of health, in consultation with the commissioner of education, shall contract with the attorney general's office to develop and implement the media and public relations campaign. In developing the campaign, the attorney general's office shall coordinate and consult with representatives from ethnic and local communities to maximize effectiveness of the social marketing approach to health promotion among the culturally diverse population of the state. The development and implementation of the campaign is subject to input and approval by the commissioner of health.

The local community-based contractors shall collaborate and coordinate efforts with other community organizations and interested persons to provide school and community-wide promotional activities that support and reinforce the message of the MN ENABL curriculum.

(c) An evaluation component which evaluates the process and the impact of the program.

The "process evaluation" must provide information to the state on the breadth and scope of the program. The evaluation must identify program areas that might need modification and identify local MN ENABL contractor strategies and procedures which are particularly effective. Contractors must keep complete records on the demographics of clients served, number of direct education sessions delivered and other appropriate statistics, and must document exactly how the program was implemented. The commissioner may select contractor sites for more in-depth case studies.

The "impact evaluation" must provide information to the state on the impact of the different components of the MN ENABL program and an assessment of the impact of the program on adolescent's related sexual knowledge, attitudes, and risk-taking behavior.

The commissioner shall compare the MN ENABL evaluation information and data with similar evaluation data from other states pursuing a similar adolescent pregnancy prevention program modeled after ENABL and use the information to improve MN ENABL and build on aspects of the program that have demonstrated a delay in adolescent sexual involvement.

(d) A training component requiring the commissioner of health, in consultation with the commissioner of education, to provide comprehensive uniform training to the local MN ENABL community-based local contractors and the direct education program staff.

The local community-based contractors may use adolescent leaders slightly older than the adolescents in the program to impart the message to postpone sexual involvement provided:

(1) the contractor follows a protocol for adult mentors/leaders and older adolescent leaders established by the commissioner of health;

(2) the older adolescent leader is accompanied by an adult leader; and

(3) the contractor uses the curriculum as directed and required by the commissioner of the department of health to implement this part of the program. The commissioner of health shall provide technical assistance to community-based local contractors.

Sec. 2. Minnesota Statutes 1994, section 256.87, subdivision 5, is amended to read:

Subd. 5. [CHILD NOT RECEIVING ASSISTANCE.] A person or entity having physical custody of a dependent child not receiving assistance under sections 256.031 to 256.0361, or 256.72 to 256.87 has a cause of action for child support against the child's absent parents. Upon a motion served on the absent parent, the court shall order child support payments from the absent parent under chapter 518. The absent parent's liability may include up to the two years immediately preceding the commencement of the action. This subdivision applies only if the person or entity has physical custody with the consent of a custodial parent or approval of the court.

Sec. 3. Minnesota Statutes 1994, section 257.34, is amended by adding a subdivision to read:

Subd. 4. [EXPIRATION OF AUTHORITY FOR DECLARATIONS.] No acknowledgment of parentage shall be entered into on or after August 1, 1995 under this section. The mother and father of a child born to a mother who was not married to the child's father when the child was conceived nor when the child was born may before, on, or after August 1, 1995, sign a recognition of parentage under section 257.75.

Sec. 4. Minnesota Statutes 1994, section 257.55, subdivision 1, is amended to read:

Subdivision 1. [PRESUMPTION.] A man is presumed to be the biological father of a child if:

(a) He and the child's biological mother are or have been married to each other and the child is born during the marriage, or within 280 days after the marriage is terminated by death, annulment, declaration of invalidity, dissolution, or divorce, or after a decree of legal separation is entered by a court;

(b) Before the child's birth, he and the child's biological mother have attempted to marry each other by a marriage solemnized in apparent compliance with law, although the attempted marriage is or could be declared void, voidable, or otherwise invalid, and,

(1) if the attempted marriage could be declared invalid only by a court, the child is born during the attempted marriage, or within 280 days after its termination by death, annulment, declaration of invalidity, dissolution or divorce; or

(2) if the attempted marriage is invalid without a court order, the child is born within 280 days after the termination of cohabitation;

(c) After the child's birth, he and the child's biological mother have married, or attempted to marry, each other by a marriage solemnized in apparent compliance with law, although the attempted marriage is or could be declared void, voidable, or otherwise invalid, and,

(1) he has acknowledged his paternity of the child in writing filed with the state registrar of vital statistics;

(2) with his consent, he is named as the child's father on the child's birth certificate; or

(3) he is obligated to support the child under a written voluntary promise or by court order;

(d) While the child is under the age of majority, he receives the child into his home and openly holds out the child as his biological child;

(e) He and the child's biological mother acknowledge his paternity of the child in a writing signed by both of them under section 257.34 and filed with the state registrar of vital statistics. If another man is presumed under this paragraph to be the child's father, acknowledgment may be effected only with the written consent of the presumed father or after the presumption has been rebutted;

(f) Evidence of statistical probability of paternity based on blood testing establishes the likelihood that he is the father of the child, calculated with a prior probability of no more than 0.5 (50 percent), is 99 percent or greater;

(g) He and the child's biological mother have executed a recognition of parentage in accordance with section 257.75 and another man is presumed to be the father under this subdivision; ~~or~~

(h) He and the child's biological mother have executed a recognition of parentage in accordance with section 257.75 and another man and the child's mother have executed a recognition of parentage in accordance with section 257.75; or

(i) He and the child's biological mother executed a recognition of parentage in accordance with section 257.75 when either or both of the signatories were less than 18 years of age.

Sec. 5. Minnesota Statutes 1994, section 257.57, subdivision 2, is amended to read:

Subd. 2. The child, the mother, or personal representative of the child, the public authority chargeable by law with the support of the child, the personal representative or a parent of the mother if the mother has died or is a minor, a man alleged or alleging himself to be the father, or the personal representative or a parent of the alleged father if the alleged father has died or is a minor may bring an action:

(1) at any time for the purpose of declaring the existence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (d), (e), (f), (g), or (h), or the nonexistence of the father and child relationship presumed under clause (d) of that subdivision;

(2) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (e) or (g), only if the action is brought within three years after the date of the execution of the declaration or recognition of parentage; ~~or~~

(3) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (f), only if the action is brought within three years after the party bringing the action, or the party's attorney of record, has been provided the blood test results; or

(4) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.75, subdivision 9, only if the action is brought by the minor signatory within six months after the minor signatory reaches the age of 18. In the case of a recognition of parentage executed by two minor signatories, the action to declare the nonexistence of the father and child relationship must be brought within six months after the youngest signatory reaches the age of 18.

Sec. 6. Minnesota Statutes 1994, section 257.60, is amended to read:

257.60 [PARTIES.]

The child may be made a party to the action. If the child is a minor and is made a party, a general guardian or a guardian ad litem shall be appointed by the court to represent the child. The

child's mother or father may not represent the child as guardian or otherwise. The biological mother, each man presumed to be the father under section 257.55, and each man alleged to be the biological father, shall be made parties or, if not subject to the jurisdiction of the court, shall be given notice of the action in a manner prescribed by the court and shall be given an opportunity to be heard. The public agency responsible for support enforcement is joined as a party in each case in which rights are assigned under section 256.74, subdivision 5, and in each case in which the public agency is providing services pursuant to an application for child support services. A person who may bring an action under section 257.57 may be made a party to the action. The court may align the parties. The child shall be made a party whenever:

(1) the child is a minor and the case involves a compromise under section 257.64, subdivision 1, or a lump sum payment under section 257.66, subdivision 4, in which case the commissioner of human services shall also be made a party subject to department of human services rules relating to paternity suit settlements; or

(2) the child is a minor and the action is to declare the nonexistence of the father and child relationship; or

(3) an action to declare the existence of the father and child relationship is brought by a man presumed to be the father under section 257.55, or a man who alleges to be the father, and the mother of the child denies the existence of the father and child relationship.

Sec. 7. [257.651] [DEFAULT ORDER OF PARENTAGE.]

In an action to determine the existence of the father and child relationship under sections 257.51 to 257.74, if the alleged father fails to appear at a hearing after service duly made and proved, the court shall enter a default judgment or order of paternity.

Sec. 8. Minnesota Statutes 1994, section 257.67, subdivision 1, is amended to read:

Subdivision 1. If existence of the parent and child relationship is declared, or parentage or a duty of support has been acknowledged or adjudicated under sections 257.51 to 257.74 or under prior law, the obligation of the noncustodial parent may be enforced in the same or other proceedings by the custodial parent, the child, the public authority that has furnished or may furnish the reasonable expenses of pregnancy, confinement, education, support, or funeral, or by any other person, including a private agency, to the extent that person has furnished or is furnishing these expenses. Full faith and credit shall be given to a determination of paternity made by another state, whether established through voluntary acknowledgment or through administrative or judicial processes.

Sec. 9. Minnesota Statutes 1994, section 257.75, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF RECOGNITION.] Subject to subdivision 2 and section 257.55, subdivision 1, paragraph (g) or (h), the recognition has the force and effect of a judgment or order determining the existence of the parent and child relationship under section 257.66. If the conditions in section 257.55, subdivision 1, paragraph (g) or (h), exist, the recognition creates only a presumption of paternity for purposes of sections 257.51 to 257.74. Until an order is entered granting custody to another, the mother has sole custody. The recognition is:

(1) a basis for bringing an action to award custody or visitation rights to either parent, establishing a child support obligation which may include up to the two years immediately preceding the commencement of the action, ordering a contribution by a parent under section 256.87, or ordering a contribution to the reasonable expenses of the mother's pregnancy and confinement, as provided under section 257.66, subdivision 3, or ordering reimbursement for the costs of blood or genetic testing, as provided under section 257.69, subdivision 2;

(2) determinative for all other purposes related to the existence of the parent and child relationship; and

(3) entitled to full faith and credit in other jurisdictions.

Sec. 10. Minnesota Statutes 1994, section 257.75, is amended by adding a subdivision to read:

Subd. 9. [EXECUTION BY A MINOR PARENT.] A recognition of parentage executed and filed in accordance with this section by a minor parent creates a presumption of paternity for the purposes of sections 257.51 to 257.74.

Sec. 11. Minnesota Statutes 1994, section 517.08, subdivision 1b, is amended to read:

Subd. 1b. [TERM OF LICENSE; FEE.] The court administrator shall examine upon oath the party applying for a license relative to the legality of the contemplated marriage. If at the expiration of a five-day period, on being satisfied that there is no legal impediment to it, the court administrator shall issue the license, containing the full names of the parties before and after marriage, and county and state of residence, with the district court seal attached, and make a record of the date of issuance. The license shall be valid for a period of six months. In case of emergency or extraordinary circumstances, a judge of the county court or a judge of the district court of the county in which the application is made, may authorize the license to be issued at any time before the expiration of the five days. The court administrator shall collect from the applicant a fee of ~~$65~~ $70 for administering the oath, issuing, recording, and filing all papers required, and preparing and transmitting to the state registrar of vital statistics the reports of marriage required by this section. If the license should not be used within the period of six months due to illness or other extenuating circumstances, it may be surrendered to the court administrator for cancellation, and in that case a new license shall issue upon request of the parties of the original license without fee. A court administrator who knowingly issues or signs a marriage license in any manner other than as provided in this section shall pay to the parties aggrieved an amount not to exceed $1,000.

Sec. 12. Minnesota Statutes 1994, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. [DISPOSITION OF LICENSE FEE.] Of the marriage license fee collected pursuant to subdivision 1b, the court administrator shall pay ~~$50~~ $55 to the state treasurer to be deposited ~~in the general fund~~ as follows:

(1) $50 in the general fund;

(2) $3 in the special revenue fund to be appropriated to the commissioner of human services for supervised visitation facilities under section 256F.09; and

(3) $2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255.

Sec. 13. [518.255] [PROVISION OF LEGAL SERVICES BY THE PUBLIC AUTHORITY.]

The provision of services under the child support enforcement program that includes services by an attorney or an attorney's representative employed by, under contract to, or representing the public authority does not create an attorney-client relationship with any party other than the public authority. Attorneys employed by or under contract with the public authority have an affirmative duty to inform applicants and recipients of services under the child support enforcement program that no attorney-client relationship exists between the attorney and the applicant or recipient. This section applies to all legal services provided by the child support enforcement program.

The written notice must inform the individual applicant or recipient of services that no attorney-client relationship exists between the attorney and the applicant or recipient; the rights of the individual as a subject of data under section 13.04, subdivision 2; and that the individual has a right to have an attorney represent the individual.

Data disclosed by an applicant for, or recipient of, child support services to an attorney employed by, or under contract with, the public authority is private data on an individual. However, the data may be disclosed under section 13.46, subdivision 2, clauses (1) to (3) and (6) to (19), and in order to obtain, modify or enforce child support, medical support, and parentage determinations.

An attorney employed by, or under contract with, the public authority may disclose additional information received from an applicant for, or recipient of, services for other purposes with the consent of the individual applicant for, or recipient of, child support services.

Sec. 14. [EFFECTIVE DATE.]

Sections 2 and 9 are effective the day following final enactment and are retroactive to January 1, 1994.

ARTICLE 5

CHILD SUPPORT PROCEDURES

Section 1. Minnesota Statutes 1994, section 518.5511, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] (a) An administrative process is established to obtain, modify, and enforce child and medical support orders and parentage orders and modify maintenance if combined with a child support proceeding. All laws governing these actions apply insofar as they are not inconsistent with the provisions of this section and section 518.5512. Wherever other laws are inconsistent with this section and section 518.5512, the provisions in this section and section 518.5512 shall apply.

(b) All proceedings for obtaining, modifying, or enforcing child and medical support orders and modifying maintenance orders if combined with a child support proceeding, are required to be conducted in the administrative process when the public authority is a party or provides services to a party or parties to the proceedings. At county option, the administrative process may include contempt motions or actions to establish parentage. Nothing contained herein shall prevent a party, upon timely notice to the public authority, from commencing an action or bringing a motion for the establishment, modification, or enforcement of child support or modification of maintenance orders if combined with a child support proceeding in district court, if additional issues involving domestic abuse, establishment or modification of custody or visitation, property issues, or other issues outside the jurisdiction of the administrative process, are part of the motion or action, or from proceeding with a motion or action brought by another party containing one or more of these issues if it is pending in district court.

(c) A party may make a written request to the public authority to initiate an uncontested administrative proceeding. If the public authority denies the request, the public authority shall issue a summary ~~order~~ notice which denies the request for relief, states the reasons for the denial, and notifies the party of the right to commence an action for relief. If the party commences an action or serves and files a motion within 30 days after the public authority's denial and the party's action results in a modification of a child support order, the modification may be retroactive to the date the written request was received by the public authority.

(d) After August 1, 1994, all counties shall participate in the administrative process established in this section in accordance with a statewide implementation plan to be set forth by the commissioner of human services. No county shall be required to participate in the administrative process until after the county has been trained. The implementation plan shall include provisions for training the counties by region no later than July 1, 1995.

(e) For the purpose of the administrative process, all powers, duties, and responsibilities conferred on judges of district court to obtain and enforce child and medical support and parentage and maintenance obligations, subject to the limitations of this section are conferred on administrative law judges, including the power to issue subpoenas, orders to show cause, and bench warrants for failure to appear.

The administrative law judge has the authority to enter parentage orders in which the custody and visitation provisions are uncontested.

Sec. 2. Minnesota Statutes 1994, section 518.5511, subdivision 2, is amended to read:

Subd. 2. [UNCONTESTED ADMINISTRATIVE PROCEEDING.] (a) A party may petition the chief administrative law judge, the chief district court judge, or the chief family court referee to proceed immediately to a contested hearing upon good cause shown.

(b) The public authority shall give the parties written notice requesting the submission of information necessary for the public authority to prepare a proposed ~~child support~~ order. The written notice shall be sent by first class mail to the parties' last known addresses. The written notice shall describe the information requested, state the purpose of the request, state the date by which the information must be postmarked or received (which shall be at least 30 days from the

date of the mailing of the written notice), state that if the information is not postmarked or received by that date, the public authority will prepare a proposed order on the basis of the information available, and identify the type of information which will be considered.

(c) Following the submission of information or following the date when the information was due, the public authority shall, on the basis of all information available, complete and sign a proposed ~~child support~~ order and notice. In preparing the proposed ~~child support~~ order, the public authority will establish child support in the highest amount permitted under section 518.551, subdivision 5. The proposed order shall include written findings in accordance with section 518.551, subdivision 5, clauses (i) and (j). The notice shall state that the proposed ~~child support~~ order will be entered as a final and binding default order unless one of the parties requests a conference under subdivision 3 within ~~14~~ 21 days following the date of service of the proposed ~~child support~~ order. The method for requesting the conference shall be stated in the notice. The notice and proposed ~~child support~~ order shall be served under the rules of civil procedure. For the purposes of the contested hearing, and notwithstanding any law or rule to the contrary, the service of the proposed order pursuant to this paragraph shall be deemed to have commenced a proceeding and the judge, including an administrative law judge or a referee, shall have jurisdiction over the contested hearing.

(d) If a conference under subdivision 3 is not requested by a party within ~~14~~ 21 days after the date of service of the proposed ~~child support~~ order, the public authority may ~~enter~~ submit the proposed order as the default order. The default order becomes ~~effective 30 days after the date of service of the notice in paragraph (c)~~ enforceable upon signature by an administrative law judge, district court judge, or referee. The public authority may also prepare and serve a new notice and proposed ~~child support~~ order if new information is subsequently obtained. The default ~~child support~~ order shall be a final order, and shall be served under the rules of civil procedure.

(e) The public authority shall file in the district court copies of all notices served on the parties, proof of service, and all orders.

Sec. 3. Minnesota Statutes 1994, section 518.5511, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATIVE CONFERENCE.] (a) If a party requests a conference within ~~14~~ 21 days of the date of service of the proposed order, the public authority shall schedule a conference, and shall serve written notice of the date, time, and place of the conference on the parties.

(b) The purpose of the conference is to review all available information and seek an agreement to enter a consent ~~child support~~ order. The notice shall state the purpose of the conference, and that the proposed ~~child support~~ order will be entered as a final and binding default order if the requesting party fails to appear at the conference. The notice shall be served on the parties by first class mail at their last known addresses, and the method of service shall be documented in the public authority file.

(c) A party alleging domestic abuse by the other party shall not be required to participate in a conference. In such a case, the public authority shall meet separately with the parties in order to determine whether an agreement can be reached.

(d) If the party requesting the conference does not appear and fails to provide a written excuse (with supporting documentation if relevant) to the public authority within seven days after the date of the conference which constitutes good cause, the public authority may enter a default ~~child support~~ order through the uncontested administrative process. The public authority shall not enter the default order until at least seven days after the date of the conference.

For purposes of this section, misrepresentation, excusable neglect, or circumstances beyond the control of the person who requested the conference which prevented the person's appearance at the conference constitutes good cause for failure to appear. If the public authority finds good cause, the conference shall be rescheduled by the public authority and the public authority shall send notice as required under this subdivision.

(e) If the parties appear at the conference, the public authority shall seek agreement of the parties to the entry of a consent ~~child support~~ order which establishes child support in accordance

with applicable law. The public authority shall advise the parties that if a consent order is not entered, the matter will be scheduled for a hearing before an administrative law judge, or a district court judge or referee, and that the public authority will seek the establishment of child support at the hearing in accordance with the highest amount permitted under section 518.551, subdivision 5. If an agreement to enter the consent order is not reached at the conference, the public authority shall schedule the matter ~~before an administrative law judge, district court judge, or referee~~ for a contested hearing.

(f) If an agreement is reached by the parties at the conference, a consent ~~child support~~ order shall be prepared by the public authority, and shall be signed by the parties. All consent and default orders shall be signed by the nonattorney employee of the public authority and shall be submitted to an administrative law judge or the district court for ~~countersignature~~ approval and signature. The order is ~~effective~~ enforceable upon the signature by the administrative law judge or the district court ~~and is retroactive to the date of signature by the nonattorney employee of the public authority~~. The consent order shall be served on the parties under the rules of civil procedure.

Sec. 4. Minnesota Statutes 1994, section 518.5511, subdivision 4, is amended to read:

Subd. 4. [CONTESTED ADMINISTRATIVE PROCEEDING.] (a) ~~The commissioner of human services is authorized to designate counties to use the contested administrative hearing process based upon federal guidelines for county performance. The contested administrative hearing process may also be initiated upon request of a county board. The administrative hearing process shall be implemented in counties designated by the commissioner.~~ All counties shall participate in the contested administrative process established in this section as designated in a statewide implementation plan to be set forth by the commissioner of human services. No county shall be required to participate in the contested administrative process until after the county has been trained. The contested administrative process shall be in operation in all counties no later than July 1, 1998, with the exception of Hennepin county which shall have a pilot program in operation no later than July 1, 1996.

The Hennepin county pilot program shall be jointly planned, implemented, and evaluated by the department of human services, the office of administrative hearings, the fourth judicial district court, and Hennepin county. The pilot program shall provide that one-half of the case load use the contested administrative process. The pilot program shall include an evaluation which shall be conducted after one year of program operation. A preliminary evaluation report shall be submitted by the commissioner to the legislature by March 1, 1997. A final evaluation report shall be submitted by the commissioner to the legislature by January 15, 1998. The pilot program shall continue pending final decision by the legislature, or until the commissioner determines that the pilot program shall discontinue and that Hennepin county shall not participate in the contested administrative process.

In counties designated by the commissioner, contested hearings required under this section shall be scheduled before administrative law judges, and shall be conducted in accordance with the provisions under this section. In counties not designated by the commissioner, contested hearings shall be conducted in district court in accordance with the rules of civil procedure and the rules of family court.

(b) An administrative law judge may conduct hearings and approve a stipulation reached on a contempt motion brought by the public authority. Any stipulation that involves a finding of contempt and a jail sentence, whether stayed or imposed, shall require the review and signature of a district court judge.

(c) ~~For the purpose of this process, all powers, duties, and responsibilities conferred on judges of the district court to obtain and enforce child and medical support and maintenance obligations, subject to the limitation set forth herein, are conferred on the administrative law judge conducting the proceedings, including the power to issue subpoenas, to issue orders to show cause, and to issue bench warrants for failure to appear.~~ A party, witness, or attorney may appear or testify by telephone, audiovisual means, or other electronic means, at the discretion of the administrative law judge.

(d) Before implementing the process in a county, the chief administrative law judge, the

commissioner of human services, the director of the county human services agency, the county attorney, the county court administrator, and the county sheriff shall jointly establish procedures, and the county shall provide hearing facilities for implementing this process in the county. A contested administrative hearing shall be conducted in a courtroom, if one is available, or a conference or meeting room with at least two exits and of sufficient size to permit adequate physical separation of the parties. The court administrator shall, to the extent practical, provide administrative support for the contested hearing. Security personnel shall either be present during the administrative hearings, or be available to respond to a request for emergency assistance.

(e) The contested administrative hearings shall be conducted under the rules of the office of administrative hearings, Minnesota Rules, parts 1400.5275, 1400.5500, 1400.6000 to 1400.6400, 1400.6600 to 1400.7000, 1400.7100 to 1400.7500, 1400.7700, ~~and~~ 1400.7800, and 1400.8100, as adopted by the chief administrative law judge. For matters not initiated under subdivision 2, documents from the moving party shall be served and filed at least 21 days prior to the hearing and the opposing party shall serve and file documents raising new issues at least ten days prior to the hearing. In all contested administrative proceedings, the administrative law judge may limit the extent and timing of discovery. Except as provided under this section, other aspects of the case, including, but not limited to, ~~pleadings,~~ discovery, ~~and motions,~~ shall be conducted under the rules of family court, the rules of civil procedure, and chapter 518.

(f) Pursuant to a contested administrative hearing, the administrative law judge shall make findings of fact, conclusions, and a final decision and issue an order. Orders issued by an administrative law judge may be enforceable by the contempt powers of the district courts.

(g) At the time the matter is scheduled for a contested hearing, the public authority shall file in the district court copies of all relevant documents sent to or received from the parties, in addition to the documents filed under subdivision 2, paragraph (e). For matters scheduled for a contested hearing which were not initiated under subdivision 2, the public authority shall obtain any income information available to the public authority through the department of economic security and serve this information on all parties and file the information with the court at least five days prior to the hearing.

(h) The decision and order of the administrative law judge is appealable to the court of appeals in the same manner as a decision of the district court.

Sec. 5. Minnesota Statutes 1994, section 518.5511, subdivision 5, is amended to read:

Subd. 5. [NONATTORNEY AUTHORITY.] Nonattorney employees of the public authority responsible for child support may prepare, sign, serve, and file complaints, motions, notices, summary ~~orders~~ notices, proposed orders, default orders, and consent orders for obtaining, modifying, or enforcing child and medical support orders, orders establishing paternity, and related documents, and orders to modify maintenance if combined with a child support order. The nonattorney may also conduct prehearing conferences, and participate in proceedings before an administrative law judge. This activity shall not be considered to be the unauthorized practice of law. Nonattorney employees may not represent the interests of any party other than the public authority, and may not give legal advice to any party.

Sec. 6. Minnesota Statutes 1994, section 518.5511, subdivision 7, is amended to read:

Subd. 7. [PUBLIC AUTHORITY LEGAL ADVISOR.] At all stages of the administrative process ~~prior to the contested hearing~~, the county attorney, or other attorney under contract, shall act as the legal advisor for the public authority, but shall not play an active role in the review of information ~~and~~, the preparation of default and consent orders, and the contested hearings unless the nonattorney employee of the public authority requests the appearance of the county attorney.

Sec. 7. Minnesota Statutes 1994, section 518.5511, subdivision 9, is amended to read:

Subd. 9. [TRAINING AND RESTRUCTURING.] (a) The commissioner of human services, in consultation with the office of administrative hearings, shall be responsible for the supervision of the administrative process. The commissioner of human services shall provide training to child support officers and other ~~employees of the public authority~~ persons involved in the administrative process. The commissioner of human services shall prepare simple and easy to understand forms

for all notices and orders prescribed in this ~~subdivision~~ section, and the public authority shall use them.

(b) The office of administrative hearings shall be responsible for training and monitoring the performance of administrative law judges, maintaining records of proceedings, providing transcripts upon request, and maintaining the integrity of the district court file.

Sec. 8. [518.5512] [ADMINISTRATIVE PROCEDURES FOR CHILD AND MEDICAL SUPPORT ORDERS AND PARENTAGE ORDERS.]

Subdivision 1. [GENERAL.] The provisions of this section apply to actions conducted in the administrative process pursuant to section 518.5511.

Subd. 2. [PATERNITY.] (a) A nonattorney employee of the public authority may request an administrative law judge or the district court to order the child, mother, or alleged father to submit to blood or genetic tests. The order is effective when signed by an administrative law judge or the district court. Failure to comply with the order for blood or genetic tests may result in a default determination of parentage.

(b) If parentage is contested at the administrative hearing, the administrative law judge may order temporary child support under section 257.62, subdivision 5, and shall refer the case to the district court.

(c) The district court may appoint counsel for an indigent alleged father only after the return of the blood or genetic test results from the testing laboratory.

Subd. 3. [COST-OF-LIVING ADJUSTMENT.] The notice of application for adjustment shall be treated as a proposed order under section 518.5511, subdivision 2, paragraph (c). The public authority shall stay the adjustment of support upon receipt of a request for an administrative conference. An obligor requesting an administrative conference shall provide all relevant information that establishes an insufficient increase in income to justify the adjustment of the support obligation. If the obligor fails to submit any evidence at the administrative conference, the cost-of-living adjustment will immediately go into effect.

ARTICLE 6

APPROPRIATIONS

Section 1. [APPROPRIATIONS.]

Subdivision 1. [CHILD SUPPORT OBLIGOR COMMUNITY SERVICE WORK EXPERIENCE PROGRAM.] $119,000 is appropriated from the general fund to the commissioner of human services to fund the child support obligor community service work experience program in article 1, section 15, to be available for the fiscal year beginning July 1, 1996.

Subd. 2. [MOTOR VEHICLE CERTIFICATES OF TITLE AND LICENSE SUSPENSION.] $50,000 is appropriated from the general fund to the commissioner of human services, for transfer to the commissioner of public safety to fund the necessary changes to the existing computer system to allow for memorialization of liens on motor vehicle certificates of title and to allow for suspension of drivers' licenses, to be available for the fiscal year beginning July 1, 1995.

Subd. 3. [SUSPENSION OF DRIVERS' LICENSES.] $24,000 is appropriated from the general fund to the commissioner of human services to allow the commissioner to seek the suspension of drivers' licenses under Minnesota Statutes, section 518.551, subdivision 13, to be available for the fiscal year beginning July 1, 1996.

Subd. 4. [WORK REPORTING SYSTEM.] $350,000 is appropriated from the general fund to the commissioner of human services to allow the commissioner to implement the work reporting system under article 1, section 16, to be available for the fiscal year beginning July 1, 1996.

Subd. 5. [PUBLIC EDUCATION.] $150,000 is appropriated from the general fund to the commissioner of human services for continuance of the child support public education campaign; $75,000 is available for the fiscal year beginning July 1, 1995; and $75,000 is available for the fiscal year beginning July 1, 1996. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

Subd. 6. [COOPERATION FOR THE CHILDREN PROGRAM.] $100,000 is appropriated from the general fund to the commissioner of human services for purposes of developing and implementing the cooperation for the children program under article 1, section 14, and for the purpose of providing the requested funding to the office of administrative hearings to develop and implement the cooperation for the children program, to be available for the fiscal year beginning July 1, 1996.

Subd. 7. [MN ENABL.] (a) $362,000 is appropriated from the general fund to the commissioner of health for purposes of developing and implementing the MN ENABL program in article 4, section 1; $181,000 is available for the fiscal year beginning July 1, 1995; and $181,000 is available for the fiscal year beginning July 1, 1996.

(b) $128,000 is appropriated from the state government special revenue fund to the commissioner of health for the MN ENABL program; $64,000 is available for the fiscal year beginning July 1, 1995; and $64,000 is available for the fiscal year beginning July 1, 1996.

(c) Any unencumbered balance remaining in the first year under this subdivision does not cancel and is available for the second year of the biennium.

Subd. 8. [MOTOR VEHICLE LIENS.] $24,000 is appropriated from the general fund to the commissioner of human services to allow the commissioner to memorialize liens on motor vehicle certificates of title under Minnesota Statutes, section 518.551, subdivision 14, to be available for the fiscal year beginning July 1, 1996.

Subd. 9. [OCCUPATIONAL LICENSE SUSPENSION.] $10,000 is appropriated from the general fund to the commissioner of human services to implement the occupational license suspension procedures under Minnesota Statutes, section 518.551, subdivision 12, to be available for the fiscal year beginning July 1, 1996.

Subd. 10. [CHILD SUPPORT PAYMENT CENTER.] $358,000 is appropriated from the general fund to the commissioner of human services to create and maintain the child support payment center under Minnesota Statutes, section 518.5851; $24,000 is available for the fiscal year beginning July 1, 1995; and $334,000 is available for the fiscal year beginning July 1, 1996.

Subd. 11. [PUBLICATION OF NAMES.] $275,000 is appropriated from the general fund to the commissioner of human services to publish the names of delinquent child support obligors under Minnesota Statutes, section 518.575, to be available for the fiscal year beginning July 1, 1996.

Subd. 12. [ADMINISTRATIVE PROCESS.] $1,150,000 is appropriated from the general fund to the commissioner of human services to develop and implement the contested administrative process under Minnesota Statutes, section 518.5511, to be available for the fiscal year beginning July 1, 1996.

Subd. 13. [WAIVERS.] $288,000 is appropriated from the general fund to the commissioner of human services to seek the waivers required by this legislation; $148,000 is available for the fiscal year beginning July 1, 1995; and $140,000 is available for the fiscal year beginning July 1, 1996.

Subd. 14. [VISITATION STUDY AND EDUCATION.] (a) $90,000 is appropriated from the general fund to the commissioner of human services to contract with the supreme court to conduct the study under article 1, section 33, to be available until June 30, 1997.

(b) $10,000 is appropriated from the general fund to the commissioner of human services to contract with the attorney general for purposes of educating and training prosecutors and law enforcement officers on enforcement of laws relating to child support, visitation, and custody, to be available until June 30, 1997.

Subd. 15. [CHILDREN'S VISITATION CENTERS.] $192,000 is appropriated from the state government special revenue fund to the commissioner of human services for supervised visitation facilities under Minnesota Statutes, section 256F.09; $96,000 is available for the fiscal year beginning July 1, 1995; and $96,000 is available for the fiscal year beginning July 1, 1996.

Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium."

Delete the title and insert:

"A bill for an act relating to family law; providing for enforcement of child support obligations; expanding enforcement remedies for child support; authorizing programs; providing for resolution of custody and visitation disputes; creating a central child support payment center; modifying child support data collection and publication; imposing penalties; changing provisions relating to recognition of parentage; adding provisions for administrative proceedings; modifying children's supervised visitation facilities; providing for studies; appropriating money; amending Minnesota Statutes 1994, sections 13.46, subdivision 2; 168A.05, subdivisions 2, 3, 7, and by adding a subdivision; 168A.16; 168A.20, by adding a subdivision; 168A.21; 168A.29, subdivision 1; 171.12, by adding a subdivision; 214.101, subdivisions 1 and 4; 256.87, subdivision 5; 256.978, subdivision 1; 256H.02; 257.34, by adding a subdivision; 257.55, subdivision 1; 257.57, subdivision 2; 257.60; 257.66, subdivision 4; 257.67, subdivision 1; 257.75, subdivision 3, and by adding a subdivision; 517.08, subdivisions 1b and 1c; 518.171, subdivision 2a; 518.175, by adding a subdivision; 518.18; 518.24; 518.551, subdivisions 5, 12, and by adding subdivisions; 518.5511, subdivisions 1, 2, 3, 4, 5, 7, and 9; 518.575; 518.611, subdivisions 1, 2, 5, 6, and 8a; 518.613, subdivisions 1, 2, and by adding a subdivision; 518.614, subdivision 1; 518.64, subdivisions 2, 4, and by adding a subdivision; 518C.310; 548.15; and 609.375, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 145; 171; 256; 257; and 518; repealing Minnesota Statutes 1994, sections 214.101, subdivisions 2 and 3; 518.561; 518.611, subdivision 8; and 518.64, subdivision 6."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Richard J. Cohen, Don Betzold, Dan Stevens

House Conferees: (Signed) Matt Entenza, Doug Swenson, Andy Dawkins

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 217 be now adopted, and that the bill be repassed as amended by the Conference Committee.

CALL OF THE SENATE

Mr. Cohen imposed a call of the Senate for the balance of the proceedings on S.F. No. 217. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the motion of Mr. Cohen. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 217 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 43 and nays 23, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Langseth	Novak	Robertson
Beckman	Johnson, D.E.	Larson	Ourada	Sams
Belanger	Johnson, J.B.	Lesewski	Pappas	Stevens
Betzold	Johnston	Marty	Piper	Stumpf
Chandler	Kelly	Metzen	Pogemiller	Terwilliger
Cohen	Knutson	Moe, R.D.	Price	Vickerman
Flynn	Krentz	Mondale	Ranum	Wiener
Frederickson	Kroening	Morse	Reichgott Junge	
Hottinger	Laidig	Murphy	Riveness	

Those who voted in the negative were:

Berg	Dille	Kramer	Oliver	Scheevel
Berglin	Finn	Lessard	Olson	Solon
Bertram	Hanson	Limmer	Pariseau	Spear
Chmielewski	Kiscaden	Merriam	Runbeck	
Day	Kleis	Neuville	Samuelson	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1520 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1520

A bill for an act relating to the environment; extending the notification requirements for landfarming contaminated soil; amending Minnesota Statutes 1994, section 116.07, subdivision 11.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1520, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1520 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 116.07, subdivision 11, is amended to read:

Subd. 11. [PERMITS; LANDFARMING CONTAMINATED SOIL.] (a) If the agency receives an application for a permit to spread soil contaminated by a harmful substance as defined in section 115B.25, subdivision 7a, on land in a an organized or unorganized township other than the township of origin of the soil, the agency must notify the board of the organized township, or the county board of the unorganized township where the spreading would occur at least 60 days prior to issuing the permit.

(b) The agency must not issue a permit to spread contaminated soil on land outside the township of origin if, by resolution, the township board of the organized township, or the county board of the unorganized township where the soil is to be spread requests that the agency not issue a permit."

Delete the title and insert:

"A bill for an act relating to the environment; extending the notification requirements for landfarming contaminated soil to unorganized townships; amending Minnesota Statutes 1994, section 116.07, subdivision 11."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Bob Lessard, Kevin M. Chandler, Pat Pariseau

House Conferees: (Signed) Thomas Bakk, Tom Rukavina, Peg Larsen

Mr. Lessard moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1520 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1520 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Langseth	Oliver	Sams
Beckman	Hanson	Larson	Olson	Samuelson
Belanger	Hottinger	Lesewski	Ourada	Scheevel
Berg	Janezich	Lessard	Pappas	Solon
Berglin	Johnson, D.E.	Limmer	Pariseau	Spear
Bertram	Johnson, J.B.	Marty	Piper	Stevens
Betzold	Johnston	Merriam	Pogemiller	Stumpf
Chandler	Kelly	Metzen	Price	Terwilliger
Chmielewski	Kiscaden	Moe, R.D.	Ranum	Vickerman
Cohen	Kleis	Mondale	Reichgott Junge	Wiener
Day	Knutson	Morse	Riveness	
Dille	Krentz	Neuville	Robertson	
Finn	Laidig	Novak	Runbeck	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1220.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 22, 1995

FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee indicated.

H.F. No. 1220: A bill for an act relating to education; expanding payment of special education aid to include special education cooperatives, education districts, or intermediate school districts as designated by a participating school district; amending Minnesota Statutes 1994, sections 124.32, subdivision 12; and 124.573, subdivision 2e.

Referred to the Committee on Education.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to adopt the Conference Committee Report on House File No. 1040. The present Conference Committee has been discharged and the Speaker

has appointed a new Conference Committee consisting of 5 members on the part of the House and requests that the Senate appoint a like committee to further consider the following House File:

H.F. No. 1040: A bill for an act relating to retirement; providing various benefit increases and related modifications; requiring collateralization and investment authority statement; amending Minnesota Statutes 1994, sections 3A.02, subdivision 5; 124.916, subdivision 3; 136.90; 352.01, subdivision 13; 352B.01, subdivision 2; 352B.02, subdivision 1a; 352B.08, subdivision 2; 352B.10, subdivision 1; 353.65, subdivision 7; 353.651, subdivision 4; 354.445; 354.66, subdivision 4; 354A.094, subdivision 4; 354A.12, subdivisions 1, 2, and by adding a subdivision; 354A.27, subdivision 1, and by adding subdivisions; 354A.31, subdivision 4, and by adding subdivisions; 354B.05, subdivisions 2 and 3; 354B.07, subdivisions 1 and 2; 354B.08, subdivision 2; 356.219, subdivision 2; 356.30, subdivision 1; 356.611; 356A.06, by adding subdivisions; 422A.05, by adding a subdivision; 422A.09, subdivision 2; and 422A.101, subdivision 1a; Laws 1994, chapter 499, section 2; proposing coding for new law in Minnesota Statutes, chapters 125; and 356; repealing Minnesota Statutes 1994, sections 3A.10, subdivision 2; 352.021, subdivision 5; and 354A.27, subdivisions 2, 3, and 4; Laws 1971, chapter 127, section 1, as amended.

Johnson, R.; Bertram; Kahn; Jefferson and Ozment have been appointed as such committee on the part of the House.

House File No. 1040 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 22, 1995

Mr. Morse moved that, the House having reconsidered their action on the adoption of the Conference Committee Report on H.F. No. 1040 and having discharged the Committee, the Senate accede to the request of the House for a new Conference Committee on H.F. No. 1040, and that a new Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like new Conference Committee appointed on the part of the House. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 440 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 440

A bill for an act relating to insurance; regulating coverages, notice provisions, enforcement provisions, and licensees; the comprehensive health association; increasing the lifetime benefit limit; making technical changes; providing for certain breast cancer coverage; prohibiting certain rate differentials within the same town or city; amending Minnesota Statutes 1994, sections 60A.06, subdivision 3; 60A.085; 60A.111, subdivision 2; 60A.124; 60A.23, subdivision 8; 60A.26; 60A.951, subdivisions 2 and 5; 60A.954, subdivision 1; 60K.03, subdivision 7; 60K.14, subdivision 1; 61A.03, subdivision 1; 61A.071; 61A.092, subdivisions 3 and 6; 61B.28, subdivisions 8 and 9; 62A.042; 62A.135; 62A.136; 62A.14; 62A.141; 62A.31, subdivisions 1h and 1i; 62A.46, subdivision 2, and by adding a subdivision; 62A.48, subdivisions 1 and 2; 62A.50, subdivision 3; 62C.14, subdivisions 5 and 14; 62E.02, subdivision 7; 62E.12; 62F.02, subdivision 2; 62I.09, subdivision 2; 62L.02, subdivision 16; 62L.03, subdivision 5; 65A.01, by adding a subdivision; 65B.06, subdivision 3; 65B.08, subdivision 1; 65B.09, subdivision 1; 65B.10, subdivision 3; 65B.61, subdivision 1; 72A.20, subdivisions 13, 23, and by adding a subdivision; 72B.05; 79.251, subdivision 5, and by adding a subdivision; 79.34, subdivision 2; 79.35; 79A.01, by adding a subdivision; 79A.02, subdivision 4; 79A.03, by adding a subdivision; 176.181, subdivision 2; 299F.053, subdivision 2; and 515A.3-112; proposing coding for new law in Minnesota Statutes, chapters 60A; and 62A; repealing Minnesota Statutes 1994, sections 61A.072, subdivision 3; and 65B.07, subdivision 5.

May 18, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 440, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 440 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 60A.06, subdivision 3, is amended to read:

Subd. 3. [LIMITATION ON COMBINATION POLICIES.] (a) Unless specifically authorized by subdivision 1, clause (4), it is unlawful to combine in one policy coverage permitted by subdivision 1, clauses (4) and (5)(a). This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies.

(b) This subdivision does not apply to group policies.

(c) This subdivision does not apply to policies permitted by subdivision 1, clause (4), that contain benefits providing acceleration of life, endowment, or annuity benefits in advance of the time they would otherwise be payable, or to long-term care policies as defined in section 62A.46, subdivision 2.

Sec. 2. Minnesota Statutes 1994, section 60A.085, is amended to read:

60A.085 [CANCELLATION OF GROUP COVERAGE; NOTIFICATION TO COVERED PERSONS.]

(a) No cancellation of any group life, group accidental death and dismemberment, group disability income, or group medical expense policy, plan, or contract regulated under chapter 62A or 62C is effective unless the insurer has made a good faith effort to notify all covered persons of the cancellation at least 30 days before the effective cancellation date. For purposes of this section, an insurer has made a good faith effort to notify all covered persons if the insurer has notified all the persons included on the list required by paragraph (b) at the home address given and only if the list has been updated within the last 12 months.

(b) At the time of the application for coverage subject to paragraph (a), the insurer shall obtain an accurate list of the names and home addresses of all persons to be covered.

(c) Paragraph (a) does not apply if the group policy, plan, or contract is replaced, or if the insurer has reasonable evidence to indicate that it will be replaced, by a substantially similar policy, plan, or contract.

(d) In no event shall this section extend coverage under a group policy, plan, or contract more than 120 days beyond the date coverage would otherwise cancel based on the terms of the group policy, plan, or contract.

(e) If coverage under the group policy, plan, or contract is extended by this section, then the time period during which affected members may exercise any conversion privilege provided for in the group policy, plan, or contract is extended for the same length of time, plus 30 days.

Sec. 3. Minnesota Statutes 1994, section 60A.111, subdivision 2, is amended to read:

Subd. 2. [PLAN.] If the commissioner determines that the required liabilities of any company are greater than its qualified assets and that the combined financial resources of the insurance company members of any insurance holding company system of which the company is a member are not adequate to counterbalance that fact, the commissioner may require the company to submit to the commissioner for approval a plan by which the company undertakes to bring the ratio of its ~~required liabilities to its~~ qualified assets to its required liabilities, expressed as a percentage, up to at least 110 percent within a reasonable period, usually not exceeding five years.

Sec. 4. Minnesota Statutes 1994, section 60A.124, is amended to read:

60A.124 [INDEPENDENT AUDIT.]

The audit report of the independent certified public accountant that performs the audit of an insurer's annual statement as required under section ~~60A.13~~ 60A.129, subdivision ~~3a~~ 3, paragraph (a), should contain a statement as to whether anything, in connection with their audit, came to their attention that caused them to believe that the insurer failed to adopt and consistently apply the valuation procedure as required by sections 60A.122 and 60A.123.

Sec. 5. Minnesota Statutes 1994, section 60A.23, subdivision 8, is amended to read:

Subd. 8. [SELF-INSURANCE OR INSURANCE PLAN ADMINISTRATORS WHO ARE VENDORS OF RISK MANAGEMENT SERVICES.] (1) [SCOPE.] This subdivision applies to any vendor of risk management services and to any entity which administers, for compensation, a self-insurance or insurance plan. This subdivision does not apply (a) to an insurance company authorized to transact insurance in this state, as defined by section 60A.06, subdivision 1, clauses (4) and (5); (b) to a service plan corporation, as defined by section 62C.02, subdivision 6; (c) to a health maintenance organization, as defined by section 62D.02, subdivision 4; (d) to an employer directly operating a self-insurance plan for its employees' benefits; ~~or~~ (e) to an entity which administers a program of health benefits established pursuant to a collective bargaining agreement between an employer, or group or association of employers, and a union or unions; or (f) to an entity which administers a self-insurance or insurance plan if a licensed Minnesota insurer is providing insurance to the plan and if the licensed insurer has appointed the entity administering the plan as one of its licensed agents within this state.

(2) [DEFINITIONS.] For purposes of this subdivision the following terms have the meanings given them.

(a) "Administering a self-insurance or insurance plan" means (i) processing, reviewing or paying claims, (ii) establishing or operating funds and accounts, or (iii) otherwise providing necessary administrative services in connection with the operation of a self-insurance or insurance plan.

(b) "Employer" means an employer, as defined by section 62E.02, subdivision 2.

(c) "Entity" means any association, corporation, partnership, sole proprietorship, trust, or other business entity engaged in or transacting business in this state.

(d) "Self-insurance or insurance plan" means a plan providing life, medical or hospital care, accident, sickness or disability insurance~~, as an employee fringe benefit~~ for the benefit of employees or members of an association, or a plan providing liability coverage for any other risk or hazard, which is or is not directly insured or provided by a licensed insurer, service plan corporation, or health maintenance organization.

(e) "Vendor of risk management services" means an entity providing for compensation actuarial, financial management, accounting, legal or other services for the purpose of designing and establishing a self-insurance or insurance plan for an employer.

(3) [LICENSE.] No vendor of risk management services or entity administering a self-insurance or insurance plan may transact this business in this state unless it is licensed to do so by the commissioner. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license may be granted only when the commissioner is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner may issue a license subject to restrictions or limitations upon the authorization, including the type of services which may be supplied or the activities which may be engaged in. The license fee is $100. All licenses are for a period of two years.

(4) [REGULATORY RESTRICTIONS; POWERS OF THE COMMISSIONER.] To assure that self-insurance or insurance plans are financially solvent, are administered in a fair and equitable fashion, and are processing claims and paying benefits in a prompt, fair, and honest manner, vendors of risk management services and entities administering insurance or

self-insurance plans are subject to the supervision and examination by the commissioner. Vendors of risk management services, entities administering insurance or self-insurance plans, and insurance or self-insurance plans established or operated by them are subject to the trade practice requirements of sections 72A.19 to 72A.30. In lieu of an unlimited guarantee from a parent corporation for a vendor of risk management services or an entity administering insurance or self-insurance plans, the commissioner may accept a ~~fidelity~~ surety bond in a form satisfactory to the commissioner in an amount equal to 120 percent of the total amount of claims handled by the applicant in the prior year. If at any time the total amount of claims handled during a year exceeds the amount upon which the bond was calculated, the administrator shall immediately notify the commissioner. The commissioner may require that the bond be increased accordingly.

(5) [RULEMAKING AUTHORITY.] To carry out the purposes of this subdivision, the commissioner may adopt rules, including emergency rules, pursuant to sections 14.001 to 14.69. These rules may:

(a) establish reporting requirements for administrators of insurance or self-insurance plans;

(b) establish standards and guidelines to assure the adequacy of financing, reinsuring, and administration of insurance or self-insurance plans;

(c) establish bonding requirements or other provisions assuring the financial integrity of entities administering insurance or self-insurance plans; or

(d) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 6. [60A.235] [STANDARDS FOR DETERMINING WHETHER CONTRACTS ARE HEALTH PLAN CONTRACTS OR STOP LOSS CONTRACTS.]

Subdivision 1. [FINDINGS AND PURPOSE.] The purpose of this section is to establish a standard for the determination of whether an insurance policy or other evidence or coverage should be treated as a policy of accident and sickness insurance or a stop loss policy for the purpose of the regulation of the business of insurance. The laws regulating the business of insurance in Minnesota impose distinctly different requirements upon accident and sickness insurance policies and stop loss policies. In particular, the regulation of accident and sickness insurance in Minnesota includes measures designed to reform the health insurance market, to minimize or prohibit selective rating or rejection of employee groups or individual group members based upon health conditions, and to provide access to affordable health insurance coverage regardless of preexisting health conditions. The health care reform provisions enacted in Minnesota will only be effective if they are applied to all insurers and health carriers who in substance, regardless of purported form, engage in the business of issuing health insurance coverage to employees of an employee group. This section applies to insurance companies and health carriers and the policies or other evidence of coverage that they issue. This section does not apply to employers or the benefit plans they establish for their employees.

Subd. 2. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given.

(a) "Attachment point" means the claims amount beyond which the insurance company or health carrier incurs a liability for payment.

(b) "Direct coverage" means coverage under which an insurance company or health carrier assumes a direct obligation to an individual, under the policy or evidence of coverage, with respect to health care expenses incurred by the individual or a member of the individual's family.

(c) "Expected claims" means the amount of claims that, in the absence of a stop loss policy or other insurance or evidence of coverage, are projected to be incurred under an employer-sponsored plan covering health care expenses.

(d) "Expected plan claims" means the expected claims less the projected claims in excess of the specific attachment point, adjusted to be consistent with the employer's aggregate contract period.

(e) "Health plan" means a health plan as defined in section 62A.011 and includes group coverage regardless of the size of the group.

(f) "Health carrier" means a health carrier as defined in section 62A.011.

Subd. 3. [HEALTH PLAN POLICIES ISSUED AS STOP LOSS COVERAGE.] (a) An insurance company or health carrier issuing or renewing an insurance policy or other evidence of coverage, that provides coverage to an employer for health care expenses incurred under an employer-sponsored plan provided to the employer's employees, retired employees, or their dependents, shall issue the policy or evidence of coverage as a health plan if the policy or evidence of coverage:

(1) has a specific attachment point for claims incurred per individual that is lower than $10,000; or

(2) has an aggregate attachment point that is lower than the sum of:

(i) 140 percent of the first $50,000 of expected plan claims;

(ii) 120 percent of the next $450,000 of expected plan claims; and

(iii) 110 percent of the remaining expected plan claims.

(b) Where the insurance policy or evidence of coverage applies to a contract period of more than one year, the dollar amounts set forth in paragraph (a), clauses (1) and (2), must be multiplied by the length of the contract period expressed in years.

(c) The commissioner may adjust the constant dollar amounts provided in paragraph (a), clauses (1) and (2), on January 1 of any year, based upon changes in the medical component of the Consumer Price Index (CPI). Adjustments must be in increments of $100 and must not be made unless at least that amount of adjustment is required. The commissioner shall publish any change in these dollar amounts at least three months before their effective date.

(d) A policy or evidence of coverage issued by an insurance company or health carrier that provides direct coverage of health care expenses of an individual including a policy or evidence of coverage administered on a group basis is a health plan regardless of whether the policy or evidence of coverage is denominated as stop loss coverage.

Subd. 4. [COMPLIANCE.] (a) An insurance company or health carrier that is required to issue a policy or evidence of coverage as a health plan under this section shall, even if the policy or evidence of coverage is denominated as stop loss coverage, comply with all the laws of this state that apply to the health plan, including, but not limited to, chapters 62A, 62C, 62D, 62E, 62L, and 62Q.

(b) With respect to an employer who had been issued a policy or evidence of coverage denominated as stop loss coverage before the effective date of this section, compliance with this section is required as of the first renewal date occurring on or after the effective date of this section.

Sec. 7. [60A.236] [STOP LOSS REGULATION.]

A contract providing stop loss coverage, issued or renewed to a small employer, as defined in section 62L.02, subdivision 26, or to a plan sponsored by a small employer, must include a claim settlement period no less favorable to the small employer or plan than coverage of all claims incurred during the contract period regardless of when the claims are paid.

Sec. 8. Minnesota Statutes 1994, section 60A.26, is amended to read:

60A.26 [SUSPENSION OF INSURERS~~, NOTICE TO OTHER STATES~~; NOTIFICATIONS AND REPORTS.]

Subdivision 1. [OTHER STATES.] The commissioner of commerce shall notify the insurance departments of all other states whenever, under any law then in effect, the commissioner suspends the right of a foreign or domestic insurer to transact business in this state.

Subd. 2. [NAIC.] The commissioner of commerce shall report public regulatory actions, investigative information, and complaints to the appropriate reporting system or database of the National Association of Insurance Commissioners.

Sec. 9. Minnesota Statutes 1994, section 60A.951, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZED PERSON.] "Authorized person" means the county attorney, sheriff, or chief of police responsible for investigations in the county where the suspected insurance fraud occurred; the superintendent of the bureau of criminal apprehension; the commissioner of commerce; the commissioner of labor and industry; the attorney general; or any duly constituted criminal investigative department or agency of the United States.

Sec. 10. Minnesota Statutes 1994, section 60A.951, subdivision 5, is amended to read:

Subd. 5. [INSURER.] "Insurer" means insurance company, risk retention group as defined in section 60E.02, service plan corporation as defined in section 62C.02, health maintenance organization as defined in section 62D.02, integrated service network as defined in section 62N.02, fraternal benefit society regulated under chapter 64B, township mutual company regulated under chapter 67A, joint self-insurance plan or multiple employer trust regulated under chapter 60F, 62H, or section 471.617, subdivision 2, and persons administering a self-insurance plan as defined in section 60A.23, subdivision 8, clause (2), paragraphs (a) and (d), and the workers' compensation reinsurance association established in section 79.34.

Sec. 11. Minnesota Statutes 1994, section 60A.954, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] An insurer shall institute, implement, and maintain an antifraud plan. For the purpose of this section, the term insurer does not include reinsurers, the workers' compensation reinsurance association, self-insurers, and excess insurers. Within 30 days after instituting or modifying an antifraud plan, the insurer shall notify the commissioner in writing. The notice must include the name of the person responsible for administering the plan. An antifraud plan shall establish procedures to:

(1) prevent insurance fraud, including: internal fraud involving the insurer's officers, employees, or agents; fraud resulting from misrepresentations on applications for insurance; and claims fraud;

(2) report insurance fraud to appropriate law enforcement authorities; and

(3) cooperate with the prosecution of insurance fraud cases.

Sec. 12. Minnesota Statutes 1994, section 60A.955, is amended to read:

60A.955 [CLAIM FORMS TO CONTAIN FRAUD WARNING.]

All insurance claim forms issued by an insurer for use in submitting a claim for payment or a claim for any other benefit pursuant to a policy shall clearly contain a warning substantially as follows: "A person who ~~submits an application or~~ files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime." An insurer may comply with this section by including the warning on an addendum attached to the ~~application or~~ claim form. The absence of the required warning does not constitute a defense in a prosecution for a violation of chapter 609 or any other chapter of Minnesota Statutes.

Sec. 13. Minnesota Statutes 1994, section 60K.03, subdivision 7, is amended to read:

Subd. 7. [EXCEPTIONS.] The following are exempt from the general licensing requirements prescribed by this section:

(1) agents of township mutuals who are exempted pursuant to section 60K.04;

(2) fraternal benefit society representatives exempted pursuant to section 60K.05;

(3) any regular salaried officer or employee of a licensed insurer, without license or other qualification, may act on behalf of that licensed insurer in the negotiation of insurance for that insurer, provided that a licensed agent must participate in the sale of the insurance;

(4) employers and their officers or employees, and the trustees or employees of any trust plan, to the extent that the employers, officers, employees, or trustees are engaged in the administration or operation of any program of employee benefits for the employees of the employers or

employees of their subsidiaries or affiliates involving the use of insurance issued by a licensed insurance company; provided that the activities of the officers, employees and trustees are incidental to clerical or administrative duties and their compensation does not vary with the volume of insurance or applications for insurance;

(5) employees of a creditor who enroll debtors for credit life, credit accident and health, or credit involuntary unemployment insurance; provided the employees receive no commission or fee for it;

(6) clerical or administrative employees of an insurance agent who take insurance applications or receive premiums in the office of their employer, if the activities are incidental to clerical or administrative duties and the employee's compensation does not vary with the volume of the applications or premiums; ~~and~~

(7) rental vehicle companies and their employees in connection with the offer of rental vehicle personal accident insurance under section 72A.125; and

(8) employees of a retailer who enroll purchasers for credit insurance associated with a retail purchase; provided the employees receive no commission, fee, bonus, or other form of compensation for it.

Sec. 14. Minnesota Statutes 1994, section 60K.14, subdivision 1, is amended to read:

Subdivision 1. [PERSONAL SOLICITATION OF INSURANCE SALES.] (a) [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "agent" means a person, copartnership, or corporation required to be licensed pursuant to section 60K.02; and

(2) "personal solicitation" means any contact by an agent, or any person acting on behalf of an agent, made for the purpose of selling or attempting to sell insurance, when either the agent or a person acting for the agent contacts the buyer by telephone or in person, except: (i) an attempted sale in which the buyer personally knows the identity of the agent, the name of the general agency, if any, which the agent represents, and the fact that the agent is an insurance agent; (ii) an attempted sale in which the prospective purchaser of insurance initiated the contact; or (iii) a personal contact which takes place at the agent's place of business.

(b) [DISCLOSURE REQUIREMENT.] Before a personal solicitation, the agent or person acting for an agent shall, at the time of initial personal contact ~~or communication~~ with the potential buyer, clearly and expressly disclose in writing:

(1) the name and state insurance agent license number of the person making the contact ~~or communication~~;

(2) the name of the agent, general agency, or insurer that person represents; and

(3) the fact that the agent, agency, or insurer is in the business of selling insurance.

If the initial personal contact is made by telephone, the disclosures required by this subdivision need not be made in writing.

(c) [FALSE REPRESENTATION OF GOVERNMENT AFFILIATION.] No agent or person acting for an agent shall make any communication to a potential buyer that indicates or gives the impression that the agent is acting on behalf of a government agency.

Sec. 15. Minnesota Statutes 1994, section 61A.03, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] No policy of life insurance may be issued in this state or by a life insurance company organized under the laws of this state unless it contains the following provisions:

(a) [PREMIUM.] A provision that all premiums are payable in advance either at the home office of the company, or to an agent of the company, upon delivery of a receipt signed by one or

more officers named in the policy and countersigned by the agent, but a policy may contain a provision that the policy itself is a receipt for the first premium;

(b) [GRACE PERIOD.] A provision for a one month grace period for the payment of every premium after the first, during which the insurance will continue in force. The provision may subject the late payment to a finance charge and contain a stipulation that if the insured dies during the grace period, the overdue premium will be deducted in any settlement under the policy;

(c) [ENTIRE CONTRACT.] A provision that the policy constitutes the entire contract between the parties and is incontestable after it has been in force during the lifetime of the insured for two years from its date, except for nonpayment of premiums and except for violations of the conditions of the policy relating to naval and military services in time of war; that at the option of the company, provisions relative to benefits in the event of total and permanent disability and provisions which grant additional insurance specifically against death by accident, may be excepted; and that a special form of policy may be issued on the life of a person employed in an occupation classified by the company as extra hazardous or as leading to hazardous employment, which provides that service in certain designated occupations may reduce the company's liability under the policy to a certain designated amount not less than the full policy reserve;

(d) [REPRESENTATIONS AND WARRANTIES.] A provision that, in the absence of fraud, all statements made by the insured are representations and not warranties, and that no statement voids the policy unless it is contained in a written application and a copy of the application is endorsed upon or attached to the policy when issued;

(e) [MISSTATEMENT OF AGE.] A provision that if the age of the insured is understated the amount payable under the policy will be the amount the premium would have purchased at the correct age;

(f) [DIVIDENDS ON PARTICIPATING POLICIES.] A provision that the policy will participate in the surplus of the company and that, beginning not later than the end of the third policy year, the company will annually determine and account for the portion of the divisible surplus accruing on the policy, and that the owner of the policy has the right, each year after the fifth, to have the current dividend arising from the participation paid in cash: If the policy provides other dividend options, it must specify which option is effective if the owner of the policy does not elect an option. The provision may condition any dividends payable during the first five years of the policy upon the payment of the next ensuing annual premium. This provision is not required in nonparticipating policies, in policies issued on under-average lives, or in insurance in exchange for lapsed or surrendered policies;

(g) [POLICY LOANS.] A provision (1) that after three full years' premiums have been paid, the company at any time while the policy is in force, will advance, on proper assignment of the policy, and on the sole security thereof, at a specified rate of interest, not to exceed eight percent per annum, or at an adjustable rate of interest as otherwise provided for in this section, a sum equal to, or, at the option of the owner of the policy, less than the loan value thereof; (2) that the loan value is the cash surrender value thereof at the end of the current policy year; (3) that the loan, unless made to pay premiums, may be deferred for not more than six months after the application for it is made; (4) that the company will deduct from the loan value any existing indebtedness on the policy and any unpaid balance of the premium for current policy year, and may collect interest in advance on the loan to the end of the current policy year; (5) that the failure to repay an advance or to pay interest does not void the policy unless the total indebtedness thereon to the company equals or exceeds the loan value at the time of the failure, nor until one month after notice has been mailed by the company to the last known address of the insured and of the assignee of record at the home office of the company; and (6) that no condition other than those provided in this section will be exacted as a prerequisite to an advance. This provision is not required in term insurance;

(h) [REINSTATEMENT.] A provision that if, in event of default in premium payments, the nonforfeiture value of the policy is applied to the purchase of other insurance, and if that insurance is in force and the original policy has not been surrendered to the company and canceled, the policy may be reinstated within three years after the default upon evidence of insurability satisfactory to the company and payment of arrears of premiums with interest;

(i) [PAYMENT OF CLAIMS.] A provision that, when a policy becomes a claim by the death of the insured, settlement will be made within two months after receipt of due proof of death;

(j) [SETTLEMENT OPTION.] A table showing the amount of installments in which the policy may provide its proceeds may be payable;

(k) [DESCRIPTION OF POLICY.] A title on the face and on the back of the policy briefly and correctly describing the policy in bold letters stating its general character, dividend periods, and other particulars, so that the holder will not be able to mistake the nature and scope of the contract;

(l) [FORM NUMBER.] A form number in the lower left-hand corner of the first page of each form, including riders and endorsements.

Any of the foregoing provisions or portions thereof relating to premiums not applicable to single premium policies must not be incorporated therein.

Sec. 16. Minnesota Statutes 1994, section 61A.071, is amended to read:

61A.071 [APPLICATIONS.]

No individual life insurance policy~~, except life insurance marketed on a direct response basis,~~ shall be issued or delivered in this state to a person age 65 or older unless a signed and completed copy of the application for insurance is left with the applicant at the time application is made. This requirement will not apply to life insurers who mail a copy of the signed, completed application to the applicant within 24 hours of receiving the application. However, where an individual life policy is marketed on a direct response basis, a copy of any application signed by the applicant shall be delivered to the insured along with, or as part of, the policy.

Sec. 17. Minnesota Statutes 1994, section 61A.092, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF OPTIONS.] Upon termination of or layoff from employment of a covered employee, the employer shall inform the employee of:

(1) the employee's right to elect to continue the coverage;

(2) the amount the employee must pay monthly to the employer to retain the coverage;

(3) the manner in which and the office of the employer to which the payment to the employer must be made; and

(4) the time by which the payments to the employer must be made to retain coverage.

The employee has 60 days within which to elect coverage. The 60-day period shall begin to run on the date coverage would otherwise terminate or on the date upon which notice of the right to coverage is received, whichever is later.

If the covered employee or covered dependent dies during the 60-day election period and before the covered employee makes an election to continue or reject continuation, then the covered employee will be considered to have elected continuation of coverage. The estate of the former employee or covered dependent would then be entitled to a death benefit equal to the amount of insurance that could have been continued less any unpaid premium owing as of the date of death.

Notice must be in writing and sent by first class mail to the employee's last known address which the employee has provided to the employer.

A notice in substantially the following form is sufficient: "As a terminated or laid off employee, the law authorizes you to maintain your group insurance benefits, in an amount equal to the amount of insurance in effect on the date you terminated or were laid off from employment, for a period of up to 18 months. To do so, you must notify your former employer within 60 days of your receipt of this notice that you intend to retain this coverage and must make a monthly payment of $..... at ..... by the ..... of each month."

Sec. 18. Minnesota Statutes 1994, section 61A.092, subdivision 6, is amended to read:

Subd. 6. [APPLICATION.] This section applies to a policy, certificate of insurance, or similar evidence of coverage issued to a Minnesota resident or issued to provide coverage to a Minnesota resident. This section does not apply to: (1) a certificate of insurance or similar evidence of coverage that meets the conditions of section 61A.093, subdivision 2; or (2) a group life insurance policy that contains a provision permitting the certificate holder, upon termination or layoff from employment, to retain the coverage provided under the group policy by paying premiums directly to the insurer, provided that the employer shall give the employee notice of the employee's and each related certificate holder's right to continue the insurance by paying premiums directly to the insurer. A related certificate holder is an insured spouse of the employee.

Sec. 19. Minnesota Statutes 1994, section 61B.28, subdivision 8, is amended to read:

Subd. 8. [FORM.] The form of notice referred to in subdivision 7, paragraph (a), is as follows:

"

.....

.....

.....

(insert name, current address, and

telephone number of insurer)

NOTICE CONCERNING POLICYHOLDER RIGHTS IN AN INSOLVENCY UNDER THE MINNESOTA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION LAW

If the insurer that issued your life, annuity, or health insurance policy becomes impaired or insolvent, you are entitled to compensation for your policy from the assets of that insurer. The amount you recover will depend on the financial condition of the insurer.

In addition, residents of Minnesota who purchase life insurance, annuities, or health insurance from insurance companies authorized to do business in Minnesota are protected, SUBJECT TO LIMITS AND EXCLUSIONS, in the event the insurer becomes financially impaired or insolvent. This protection is provided by the Minnesota Life and Health Insurance Guaranty Association.

Minnesota Life and Health Insurance Guaranty Association
(insert current
address and telephone number)

The maximum amount the guaranty association will pay for all policies issued on one life by the same insurer is limited to $300,000. Subject to this $300,000 limit, the guaranty association will pay up to $300,000 in life insurance death benefits, $100,000 in net cash surrender and net cash withdrawal values for life insurance, $300,000 in health insurance benefits, including any net cash surrender and net cash withdrawal values, $100,000 in annuity net cash surrender and net cash withdrawal values, $300,000 in present value of annuity benefits for annuities which are part of a structured settlement or for annuities in regard to which periodic annuity benefits, for a period of not less than the annuitant's lifetime or for a period certain of not less than ten years, have begun to be paid on or before the date of impairment or insolvency, or if no coverage limit has been specified for a covered policy or benefit, the coverage limit shall be $300,000 in present value. Unallocated annuity contracts issued to retirement plans, other than defined benefit plans, established under section 401, 403(b), or 457 of the Internal Revenue Code of 1986, as amended through December 31, 1992, are covered up to $100,000 in net cash surrender and net cash withdrawal values, for Minnesota residents covered by the plan provided, however, that the association shall not be responsible for more than $7,500,000 in claims from all Minnesota residents covered by the plan. If total claims exceed $7,500,000, the $7,500,000 shall be prorated among all claimants. These are the maximum claim amounts. Coverage by the guaranty association is also subject to other substantial limitations and exclusions and requires continued residency in Minnesota. If your claim exceeds the guaranty association's limits, you may still recover a part or all of that amount from the proceeds of the liquidation of the insolvent insurer, if any exist. Funds to pay claims may not be immediately available. The guaranty association assesses insurers licensed to sell life and health insurance in Minnesota after the insolvency occurs. Claims are paid from this assessment.

THE COVERAGE PROVIDED BY THE GUARANTY ASSOCIATION IS NOT A SUBSTITUTE FOR USING CARE IN SELECTING INSURANCE COMPANIES THAT ARE WELL MANAGED AND FINANCIALLY STABLE. IN SELECTING AN INSURANCE COMPANY OR POLICY, YOU SHOULD NOT RELY ON COVERAGE BY THE GUARANTY ASSOCIATION.

THIS NOTICE IS REQUIRED BY MINNESOTA STATE LAW TO ADVISE POLICYHOLDERS OF LIFE, ANNUITY, OR HEALTH INSURANCE POLICIES OF THEIR RIGHTS IN THE EVENT THEIR INSURANCE CARRIER BECOMES FINANCIALLY INSOLVENT. THIS NOTICE IN NO WAY IMPLIES THAT THE COMPANY CURRENTLY HAS ANY TYPE OF FINANCIAL PROBLEMS. ALL LIFE, ANNUITY, AND HEALTH INSURANCE POLICIES ARE REQUIRED TO PROVIDE THIS NOTICE."

Additional language may be added to the notice if approved by the commissioner prior to its use in the form. This section does not apply to fraternal benefit societies regulated under chapter 64B.

Sec. 20. Minnesota Statutes 1994, section 61B.28, subdivision 9, is amended to read:

Subd. 9. [COMBINATION FIXED-VARIABLE POLICY.] The notice required in subdivision 8 must clearly describe what portions of a combination fixed-variable policy are not covered by the Minnesota life and health insurance guaranty association. The notice requirements specified in subdivision ~~8~~ 7, paragraph (c), do not apply to a combination fixed-variable policy.

Sec. 21. [62A.023] [NOTICE OF RATE CHANGE.]

A health insurer or service plan corporation must send written notice to its policyholders and contract holders at their last known address at least 30 days in advance of the effective date of a proposed rate change. This notice requirement does not apply to individual certificate holders covered by group insurance policies or group subscriber contracts.

Sec. 22. Minnesota Statutes 1994, section 62A.042, is amended to read:

62A.042 [FAMILY COVERAGE; COVERAGE OF NEWBORN INFANTS.]

Subdivision 1. [INDIVIDUAL FAMILY POLICIES; RENEWALS.] (a) No policy of individual accident and sickness insurance which provides for insurance for more than one person under section 62A.03, subdivision 1, clause (3), and no individual health maintenance contract which provides for coverage for more than one person under chapter 62D, shall be renewed to insure or cover any person in this state or be delivered or issued for delivery to any person in this state unless the policy or contract includes as insured or covered members of the family any newborn infants, including dependent grandchildren who reside with a covered grandparent, immediately from the moment of birth and thereafter which insurance or contract shall provide coverage for illness, injury, congenital malformation, or premature birth.

(b) The coverage under paragraph (a) includes benefits for inpatient or outpatient expenses arising from medical and dental treatment up to age 18, including orthodontic and oral surgery treatment, involved in the management of birth defects known as cleft lip and cleft palate. If orthodontic services are eligible for coverage under a dental insurance plan and another policy or contract, the dental plan shall be primary and the other policy or contract shall be secondary in regard to the coverage required under paragraph (a). Payment for dental or orthodontic treatment not related to the management of the congenital condition of cleft lip and cleft palate shall not be covered under this provision.

Subd. 2. [GROUP POLICIES; RENEWALS.] (a) No group accident and sickness insurance policy and no group health maintenance contract which provide for coverage of family members or other dependents of an employee or other member of the covered group shall be renewed to cover members of a group located in this state or delivered or issued for delivery to any person in this state unless the policy or contract includes as insured or covered family members or dependents any newborn infants, including dependent grandchildren who reside with a covered grandparent, immediately from the moment of birth and thereafter which insurance or contract shall provide coverage for illness, injury, congenital malformation, or premature birth.

(b) The coverage under paragraph (a) includes benefits for inpatient or outpatient expenses arising from medical and dental treatment up to age 18, including orthodontic and oral surgery treatment, involved in the management of birth defects known as cleft lip and cleft palate. If orthodontic services are eligible for coverage under a dental insurance plan and another policy or contract, the dental plan shall be primary and the other policy or contract shall be secondary in regard to the coverage required under paragraph (a). Payment for dental or orthodontic treatment not related to the management of the congenital condition of cleft lip and cleft palate shall not be covered under this provision.

Sec. 23. Minnesota Statutes 1994, section 62A.10, is amended to read:

62A.10 [GROUP INSURANCE.]

Subdivision 1. [REQUIREMENTS.] Group accident and health insurance ~~is hereby declared to be that form of accident and health insurance covering~~ may be issued to cover groups of not less than two employees nor less than ten members, and which may include the employee's or member's dependents, consisting of husband, wife, children, and actual dependents residing in the household~~, written under a~~. The master policy may be issued to any governmental corporation, unit, agency, or department thereof, or to any corporation, copartnership, individual, employer, or to any association as defined by section 60A.02, subdivision 1a, where officers, members, employees, or classes or divisions thereof, may be insured for their individual benefit.

Subd. 2. [GROUP ACCIDENTAL DEATH AND GROUP DISABILITY INCOME POLICIES.] Group accidental death insurance and group disability income insurance policies may be issued in connection with first real estate mortgage loans to cover groups of not less than ten debtors of a creditor written under a master policy issued to a creditor to insure its debtors in connection with first real estate mortgage loans, in amounts not to exceed the actual or scheduled amount of their indebtedness. No other accident and health coverages may be issued in connection with first real estate mortgage loans on a group basis to a debtor-creditor group.

Subd. 3. [AUTHORITY TO ISSUE.] Any insurer authorized to write accident and health insurance in this state shall have power to issue group accident and health policies.

Subd. ~~2~~ 4. [POLICY FORMS.] No policy of group accident and health insurance may be issued or delivered in this state unless the same has been approved by the commissioner in accordance with section 62A.02, subdivisions 1 to 6. These forms shall contain the standard provisions relating and applicable to health and accident insurance and shall conform with the other requirements of law relating to the contents and terms of policies of accident and sickness insurance in so far as they may be applicable to group accident and health insurance, and also the following provisions:

(1) [ENTIRE CONTRACT.] A provision that the policy and the application of the creditor, employer, or executive officer or trustee of any association, and the individual applications, if any, of the debtors, employees, or members, insured, shall constitute the entire contract between the parties, and that all statements made by the creditor, employer, or any executive officer or trustee ~~in~~ on behalf of the group to be insured, shall, in the absence of fraud, be deemed representations and not warranties, and that no such statement shall be used in defense to a claim under the policy, unless it is contained in the written application;

(2) [MASTER POLICY-CERTIFICATES.] A provision that the insurer will issue a master policy to the creditor, employer, or to the executive officer or trustee of the association; and the insurer shall also issue to the creditor, the employer, or to the executive officer or trustee of the association, for delivery to the debtor, employee, or member, who is insured under the policy, an individual certificate setting forth a statement as to the insurance protection to which the debtor, employee, or member is entitled and to whom payable, together with a statement as to when and where the master policy, or a copy thereof, may be seen for inspection by the individual insured~~;~~ ~~this~~. The individual certificate may contain the names of, and insure the dependents of, the employee, or member, as provided for herein;

(3) [NEW INSUREDS.] A provision that to the group or class thereof originally insured may be added, from time to time, all new employees of the employer ~~or~~, members of the association, or debtors of the creditor eligible to and applying for insurance in that group or class and covered or to be covered by the master policy.

(4) [CONVERSION PRIVILEGE.] In the case of accidental death insurance and disability income insurance issued to debtors of a creditor, the policy must contain a conversion privilege permitting an insured debtor to convert, without evidence of insurability, to an individual policy within 30 days of the date the insured debtor's group coverage is terminated, and not replaced with other group coverage, for any reason other than nonpayment of premiums. The individual policy must provide the same amount of insurance and be subject to the same terms and conditions as the group policy and the initial premium for the individual policy must be the same premium the insured debtor was paying under the group policy. This provision does not apply to a group policy which provides that the certificate holder may, upon termination of coverage under the group policy for any reason other than nonpayment of premium, retain coverage provided under the group policy by paying premiums directly to the insurer.

Sec. 24. Minnesota Statutes 1994, section 62A.135, is amended to read:

62A.135 [~~NONCOMPREHENSIVE~~ FIXED INDEMNITY POLICIES; MINIMUM LOSS RATIOS.]

~~(a) This section applies to individual or group policies, certificates, or other evidence of coverage designed primarily to provide coverage for hospital or medical expenses on a per diem, fixed indemnity, or nonexpense incurred basis offered, issued, or renewed, to provide coverage to a Minnesota resident.~~

~~(b) Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, policies must return to Minnesota policyholders in the form of aggregate benefits under the policy, for each year, on the basis of incurred claims experience and earned premiums in Minnesota and in accordance with accepted actuarial principles and practices:~~

~~(1) at least 75 percent of the aggregate amount of premiums earned in the case of group policies; and~~

~~(2) at least 65 percent of the aggregate amount of premiums earned in the case of individual policies.~~

~~(c) An insurer may only issue or renew an individual policy on a guaranteed renewable or noncancelable basis.~~

~~(d) Noncomprehensive policies, certificates, or other evidence of coverage subject to the provisions of this section are also subject to the requirements, penalties, and remedies applicable to medicare supplement policies, as set forth in section 62A.36, subdivisions 1a, 1b, and 2.~~

~~The first supplement to the annual statement required to be filed pursuant to this paragraph must be for the annual statement required to be submitted on or after January 1, 1993.~~

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them:

(a) "fixed indemnity policy" is a policy form, other than a long-term care policy as defined in section 62A.46, subdivision 2, that pays a predetermined, specified, fixed benefit for services provided. Claim costs under these forms are generally not subject to inflation, although they may be subject to changes in the utilization of health care services. For policy forms providing both expense-incurred and fixed benefits, the policy form is a fixed indemnity policy if 50 percent or more of the total claims are for predetermined, specified, fixed benefits;

(b) "guaranteed renewable" means that, during the renewal period (to a specified age) renewal cannot be declined nor coverage changed by the insurer for any reason other than nonpayment of premiums, fraud, or misrepresentation, but the insurer can revise rates on a class basis upon approval by the commissioner;

(c) "noncancelable" means that, during the renewal period (to a specified age) renewal cannot be declined nor coverage changed by the insurer for any reason other than nonpayment of premiums, fraud, or misrepresentation and that rates cannot be revised by the insurer. This includes policies that are guaranteed renewable to a specified age, such as 60 or 65, at guaranteed rates; and

(d) "average annualized premium" means the average of the estimated annualized premium per covered person based on the anticipated distribution of business using all significant criteria having a price difference, such as age, sex, amount, dependent status, mode of payment, and rider frequency. For filing of rate revisions, the amount is the anticipated average assuming the revised rates have fully taken effect.

Subd. 2. [APPLICABILITY.] This section applies to individual or group policies, certificates, or other evidence of coverage meeting the definition of a fixed indemnity policy, offered, issued, or renewed, to provide coverage to a Minnesota resident.

Subd. 3. [MINIMUM LOSS RATIO STANDARDS.] Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, the minimum loss ratios for fixed indemnity policies are:

(1) as shown in the following table:

Type of Coverage	Renewal Provision	
	Guaranteed Renewable	Noncancelable
Group	75%	70%
Individual	65%	60%

or

(2) for policies or certificates where the average annualized premium is less than $1,000, the average annualized premium less $30, multiplied by the required loss ratio in clause (1), divided by the average annualized premium. However, in no event may the minimum loss ratio be less than the required loss ratio from clause (1) minus ten percent.

The commissioner of commerce may adjust the constant dollar amounts provided in clause (2) on January 1 of any year, based upon changes in the CPI-U, the consumer price index for all urban consumers, published by the United States Department of Labor, Bureau of Labor Statistics. Adjustments must be in increments of $5 and must not be made unless at least that amount of adjustment is required to each amount.

All rate filings must include a demonstration that the rates are not excessive. Rates are not excessive if the anticipated loss ratio and the lifetime anticipated loss ratio meet or exceed the minimum loss ratio standard in this subdivision.

Subd. 4. [RENEWAL PROVISION.] An insurer may only issue or renew an individual policy on a guaranteed renewable or noncancelable basis.

Subd. 5. [SUPPLEMENT TO ANNUAL STATEMENTS.] Each insurer that has fixed indemnity policies in force in this state shall, as a supplement to the annual statement required by section 60A.13, submit, in a form prescribed by the commissioner, the experience data for the calendar year showing its incurred claims, earned premiums, incurred to earned loss ratio, and the ratio of the actual loss ratio to the expected loss ratio for each fixed indemnity policy form in force in Minnesota. The experience data must be provided on both a Minnesota only and a national basis. If in the opinion of the company's actuary, the deviation of the actual loss ratio from the expected loss ratio for a policy form is due to unusual reserve fluctuations, economic conditions, or other nonrecurring conditions, the insurer should also file that opinion with appropriate justification.

If the data submitted does not confirm that the insurer has satisfied the loss ratio requirements of this section, the commissioner shall notify the insurer in writing of the deficiency. The insurer shall have 30 days from the date of receipt of the commissioner's notice to file amended rates that comply with this section or a request for an exemption with appropriate justification. If the insurer fails to file amended rates within the prescribed time and the commissioner does not exempt the policy form from the need for a rate revision, the commissioner shall order that the insurer's filed rates for the nonconforming policy be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The insurer's failure to file amended rates within the specified time of the issuance of the commissioner's order amending the rates does not preclude the insurer from filing an amendment of its rates at a later time.

Subd. 6. [PENALTIES.] Each sale of a policy that does not comply with the loss ratio requirements of this section is subject to the penalties in sections 72A.17 to 72A.32.

Subd. 7. [SOLICITATIONS BY MAIL OR MEDIA ADVERTISEMENT.] For purposes of this section, fixed indemnity policies issued without the use of an agent as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, must be treated as group policies.

Sec. 25. Minnesota Statutes 1994, section 62A.136, is amended to read:

62A.136 [DENTAL AND VISION ~~PLANS~~ PLAN COVERAGE.]

The following provisions do not apply to health plans providing dental or vision coverage only: sections 62A.041~~,~~; 62A.047~~,~~; 62A.149~~,~~; 62A.151~~,~~; 62A.152~~,~~; 62A.154~~,~~; 62A.155~~,~~; 62A.21, subdivision 2b; 62A.26~~,~~; 62A.28~~,~~; and 62A.30.

Sec. 26. Minnesota Statutes 1994, section 62A.14, is amended to read:

62A.14 [HANDICAPPED CHILDREN.]

Subdivision 1. [INDIVIDUAL FAMILY POLICIES.] An individual hospital or medical expense insurance policy delivered or issued for delivery in this state more than 120 days after May 16, 1969, or an individual health maintenance contract delivered or issued for delivery in this state after August 1, 1984, which provides that coverage of a dependent child shall terminate upon attainment of the limiting age for dependent children specified in the policy or contract shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation, mental illness or disorder, or physical handicap and (b) chiefly dependent upon the policyholder for support and maintenance, provided proof of such incapacity and dependency is furnished to the insurer or health maintenance organization by the policyholder or enrollee within 31 days of the child's attainment of the limiting age and subsequently as may be required by the insurer or organization but not more frequently than annually after the two-year period following the child's attainment of the limiting age.

Subd. 2. [GROUP POLICIES.] A group hospital or medical expense insurance policy delivered or issued for delivery in this state more than 120 days after May 16, 1969, or a group health maintenance contract delivered or issued for delivery in this state after August 1, 1984, which provides that coverage of a dependent child of an employee or other member of the covered group shall terminate upon attainment of the limiting age for dependent children specified in the policy or contract shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation, mental illness or disorder, or physical handicap and (b) chiefly dependent upon the employee or member for support and maintenance, provided proof of such incapacity and dependency is furnished to the insurer or organization by the employee or member within 31 days of the child's attainment of the limiting age and subsequently as may be required by the insurer or organization but not more frequently than annually after the two-year period following the child's attainment of the limiting age.

Sec. 27. Minnesota Statutes 1994, section 62A.141, is amended to read:

62A.141 [COVERAGE FOR HANDICAPPED DEPENDENTS.]

No group policy or group plan of health and accident insurance regulated under this chapter, chapter 62C, or 62D, which provides for dependent coverage may be issued or renewed in this state after August 1, 1983, unless it covers the handicapped dependents of the insured, subscriber, or enrollee of the policy or plan. For purposes of this section, a handicapped dependent is a person that is and continues to be both: (1) incapable of self-sustaining employment by reason of mental retardation, mental illness or disorder, or physical handicap; and (2) chiefly dependent upon the policyholder for support and maintenance. Consequently, the policy or plan shall not contain any provision concerning preexisting condition limitations, insurability, eligibility, or health underwriting approval concerning handicapped dependents.

If ordered by the commissioner of commerce, the insurer of a Minnesota-domiciled nonprofit

association which is composed solely of agricultural members may restrict coverage under this section to apply only to Minnesota residents.

Sec. 28. [62A.307] [BREAST CANCER COVERAGE.]

Subdivision 1. [SCOPE OF COVERAGE.] This section applies to all health plans as defined in section 62A.011.

Subd. 2. [REQUIRED COVERAGE.] Every health plan included in subdivision 1 must provide to each covered person who is a resident of Minnesota coverage for the treatment of breast cancer by high-dose chemotherapy with autologous bone marrow transplantation and for expenses arising from the treatment.

Subd. 3. [GREATER COINSURANCE OR COPAYMENT PROHIBITED.] Coverage under this section shall not be subject to any greater coinsurance or copayment than that applicable to any other coverage provided by the health plan.

Subd. 4. [GREATER DEDUCTIBLE PROHIBITED.] Coverage under this section shall not be subject to any greater deductible than that applicable to any other coverage provided by the health plan.

Sec. 29. Minnesota Statutes 1994, section 62A.31, subdivision 1h, is amended to read:

Subd. 1h. [LIMITATIONS ON DENIALS, CONDITIONS, AND PRICING OF COVERAGE.] No issuer of Medicare supplement policies, including policies that supplement Medicare issued by health maintenance organizations or those policies governed by section 1833 or 1876 of the federal Social Security Act, United States Code, title 42, section 1395, et seq., in this state may impose preexisting condition limitations or otherwise deny or condition the issuance or effectiveness of any Medicare supplement insurance policy form available for sale in this state, nor may it discriminate in the pricing of such a policy, because of the health status, claims experience, receipt of health care, ~~or~~ medical condition, or age of an applicant where an application for such insurance is submitted during the six-month period beginning with the first month in which an individual first enrolled for benefits under Medicare Part B. This paragraph applies regardless of whether the individual has attained the age of 65 years. If an individual who is enrolled in Medicare Part B due to disability status is involuntarily disenrolled due to loss of disability status, the individual is eligible for the six-month enrollment period provided under this subdivision if the individual later becomes eligible for and enrolls again in Medicare Part B.

Sec. 30. Minnesota Statutes 1994, section 62A.31, subdivision 1i, is amended to read:

Subd. 1i. [REPLACEMENT COVERAGE.] If a Medicare supplement policy or certificate replaces another Medicare supplement policy or certificate, the issuer of the replacing policy or certificate shall waive any time periods applicable to preexisting conditions, waiting periods, elimination periods, and probationary periods in the new Medicare supplement policy or certificate for benefits to the extent the time was spent under the original policy or certificate. For purposes of this subdivision, "Medicare supplement policy or certificate" means all coverage described in section 62A.011, subdivision 4, clause (10).

Sec. 31. Minnesota Statutes 1994, section 62A.46, subdivision 2, is amended to read:

Subd. 2. [LONG-TERM CARE POLICY.] "Long-term care policy" means an individual or group policy, certificate, subscriber contract, or other evidence of coverage that provides benefits for prescribed long-term care, including nursing facility services and home care services, pursuant to the requirements of sections 62A.46 to 62A.56. ~~A long-term care policy must contain a designation specifying whether the policy is a long-term care policy AA or A and a caption stating that the commissioner has established two categories of long-term care insurance and the minimum standards for each.~~

Sections 62A.46, 62A.48, and 62A.52 to 62A.56 do not apply to a long-term care policy issued to (a) an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage or (b) to a labor union or similar employee organization. The associations exempted from the requirements of sections 62A.31 to 62A.44 under 62A.31, subdivision 1, clause (c) shall not be subject to the provisions of sections 62A.46 to 62A.56 until July 1, 1988.

Sec. 32. Minnesota Statutes 1994, section 62A.46, is amended by adding a subdivision to read:

Subd. 13. [BENEFIT DAY.] "Benefit day" means each day of confinement in a nursing facility or each visit for home care services. For purposes of section 62A.48, subdivision 1, if the policyholder receives more than one home care service visit within a 24-hour period, each visit constitutes one benefit day.

Sec. 33. Minnesota Statutes 1994, section 62A.48, subdivision 1, is amended to read:

Subdivision 1. [POLICY REQUIREMENTS.] No individual or group policy, certificate, subscriber contract, or other evidence of coverage of nursing home care or other long-term care services shall be offered, issued, delivered, or renewed in this state, whether or not the policy is issued in this state, unless the policy is offered, issued, delivered, or renewed by a qualified insurer and the policy satisfies the requirements of sections 62A.46 to 62A.56. A long-term care policy must cover prescribed long-term care in nursing facilities and at least the prescribed long-term home care services in section 62A.46, subdivision 4, clauses (1) to (5), provided by a home health agency. ~~Coverage under a long-term care policy AA must include: a maximum lifetime benefit limit of at least $100,000 for services, and nursing facility and home care coverages must not be subject to separate lifetime maximums.~~ Coverage under a long-term care policy ~~A~~ must include: a ~~maximum~~ minimum lifetime benefit limit of at least ~~$50,000~~ $25,000 for services, and nursing facility and home care coverages must not be subject to separate lifetime maximums. Prior hospitalization may not be required under a long-term care policy.

~~Coverage under either~~ The policy ~~designation~~ must cover preexisting conditions during the first six months of coverage if the insured was not diagnosed or treated for the particular condition during the 90 days immediately preceding the effective date of coverage. Coverage under ~~either~~ the policy ~~designation~~ may include a waiting period of up to 90 days before benefits are paid, but there must be no more than one waiting period per benefit period; for purposes of this sentence, "days" ~~means~~ can mean calendar or benefit days. If benefit days are used, an appropriate premium reduction and disclosure must be made. No policy may exclude coverage for mental or nervous disorders which have a demonstrable organic cause, such as Alzheimer's and related dementias. No policy may require the insured to be homebound or house confined to receive home care services. The policy must include a provision that the plan will not be canceled or renewal refused except on the grounds of nonpayment of the premium, provided that the insurer may change the premium rate on a class basis on any policy anniversary date. A provision that the policyholder may elect to have the premium paid in full at age 65 by payment of a higher premium up to age 65 may be offered. A provision that the premium would be waived during any period in which benefits are being paid to the insured during confinement in a nursing facility must be included. A nongroup policyholder may return a policy within 30 days of its delivery and have the premium refunded in full, less any benefits paid under the policy, if the policyholder is not satisfied for any reason.

No individual long-term care policy shall be offered or delivered in this state until the insurer has received from the insured a written designation of at least one person, in addition to the insured, who is to receive notice of cancellation of the policy for nonpayment of premium. The insured has the right to designate up to a total of three persons who are to receive the notice of cancellation, in addition to the insured. The form used for the written designation must inform the insured that designation of one person is required and that designation of up to two additional persons is optional and must provide space clearly designated for listing between one and three persons. The designation shall include each person's full name, home address, and telephone number. Each time an individual policy is renewed or continued, the insurer shall notify the insured of the right to change this written designation.

The insurer may file a policy form that utilizes a plan of care prepared as provided under section 62A.46, subdivision 5, clause (1) or (2).

Sec. 34. Minnesota Statutes 1994, section 62A.48, subdivision 2, is amended to read:

Subd. 2. [PER DIEM COVERAGE.] If benefits are provided on a per diem basis, the minimum daily benefit for care in a nursing facility must be the lesser ~~of $60 or actual charges under a long-term care policy AA or the lesser~~ of $40 or actual charges under a long-term care policy ~~A~~ and the minimum benefit per visit for home care under a long-term care policy ~~AA or A~~ must be

the lesser of $25 or actual charges. The home care services benefit must cover at least seven paid visits per week.

Sec. 35. Minnesota Statutes 1994, section 62A.50, subdivision 3, is amended to read:

Subd. 3. [DISCLOSURES.] No long-term care policy shall be offered or delivered in this state, whether or not the policy is issued in this state, and no certificate of coverage under a group long-term care policy shall be offered or delivered in this state, unless a statement containing at least the following information is delivered to the applicant at the time the application is made:

(1) a description of the benefits and coverage provided by the policy and the differences between this policy, a supplemental Medicare policy and the benefits to which an individual is entitled under parts A and B of Medicare ~~and the differences between policy designations A and AA~~;

(2) a statement of the exceptions and limitations in the policy including the following language, as applicable, in bold print: "THIS POLICY DOES NOT COVER ALL NURSING CARE FACILITIES OR NURSING HOME, HOME CARE, OR ADULT DAY CARE EXPENSES AND DOES NOT COVER RESIDENTIAL CARE. READ YOUR POLICY CAREFULLY TO DETERMINE WHICH FACILITIES AND EXPENSES ARE COVERED BY YOUR POLICY.";

(3) a statement of the renewal provisions including any reservation by the insurer of the right to change premiums;

(4) a statement that the outline of coverage is a summary of the policy issued or applied for and that the policy should be consulted to determine governing contractual provisions;

(5) an explanation of the policy's loss ratio including at least the following language: "This means that, on the average, policyholders may expect that $..... of every $100 in premium will be returned as benefits to policyholders over the life of the contract.";

(6) a statement of the out-of-pocket expenses, including deductibles and copayments for which the insured is responsible, and an explanation of the specific out-of-pocket expenses that may be accumulated toward any out-of-pocket maximum as specified in the policy;

(7) the following language, in bold print: "YOUR PREMIUMS CAN BE INCREASED IN THE FUTURE. THE RATE SCHEDULE THAT LISTS YOUR PREMIUM NOW CAN CHANGE.";

(8) the following language, if applicable, in bold print: "IF YOU ARE NOT HOSPITALIZED PRIOR TO ENTERING A NURSING HOME OR NEEDING HOME CARE, YOU WILL NOT BE ABLE TO COLLECT ANY BENEFITS UNDER THIS PARTICULAR POLICY."; and

(9) a signed and completed copy of the application for insurance is left with the applicant at the time the application is made.

Sec. 36. [62A.616] [COVERAGE FOR NURSING HOME CARE FOR TERMINALLY ILL AND OTHER SERVICES.]

An insurer may offer a health plan that covers nursing home care for the terminally ill, personal care attendants, and hospice care. For the purposes of this section, "terminally ill" means a diagnosis certified by a physician that a person has less than six months to live.

Sec. 37. Minnesota Statutes 1994, section 62C.14, subdivision 5, is amended to read:

Subd. 5. [HANDICAPPED DEPENDENTS.] A subscriber's individual contract or any group contract delivered or issued for delivery in this state and providing that coverage of a dependent child of the subscriber or a dependent child of a covered group member shall terminate upon attainment of a specified age shall also provide in substance that attainment of that age shall not terminate coverage while the child is (a) incapable of self-sustaining employment by reason of mental retardation, mental illness or disorder, or physical handicap, and (b) chiefly dependent upon the subscriber or employee for support and maintenance, provided proof of incapacity and dependency is furnished by the subscriber within 31 days of attainment of the age, and

subsequently as required by the corporation, but not more frequently than annually after a two year period following attainment of the age.

Sec. 38. Minnesota Statutes 1994, section 62C.14, subdivision 14, is amended to read:

Subd. 14. No subscriber's individual contract or any group contract which provides for coverage of family members or other dependents of a subscriber or of an employee or other group member of a group subscriber, shall be renewed, delivered, or issued for delivery in this state unless such contract includes as covered family members or dependents any newborn infants, including dependent grandchildren, immediately from the moment of birth and thereafter which insurance shall provide coverage for illness, injury, congenital malformation or premature birth.

Sec. 39. Minnesota Statutes 1994, section 62D.02, subdivision 8, is amended to read:

Subd. 8. "Health maintenance contract" means any contract whereby a health maintenance organization agrees to provide comprehensive health maintenance services to enrollees, provided that the contract may contain reasonable enrollee copayment provisions. An individual or group health maintenance contract may contain the copayment and deductible provisions specified in this subdivision. Copayment and deductible provisions in group contracts shall not discriminate on the basis of age, sex, race, length of enrollment in the plan, or economic status; and during every open enrollment period in which all offered health benefit plans, including those subject to the jurisdiction of the commissioners of commerce or health, fully participate without any underwriting restrictions, copayment and deductible provisions shall not discriminate on the basis of preexisting health status. In no event shall the sum of the annual ~~copayment~~ copayments and deductible exceed the maximum out-of-pocket expenses allowable for a number three qualified ~~insurance policy~~ plan under section 62E.06, nor shall that sum exceed $5,000 per family. The annual deductible must not exceed $1,000 per person. The annual deductible must not apply to preventive health services as described in Minnesota Rules, part 4685.0801, subpart 8. Where sections 62D.01 to 62D.30 permit a health maintenance organization to contain reasonable copayment provisions for preexisting health status, these provisions may vary with respect to length of enrollment in the plan. Any contract may provide for health care services in addition to those set forth in subdivision 7.

Sec. 40. Minnesota Statutes 1994, section 62E.02, subdivision 7, is amended to read:

Subd. 7. [DEPENDENT.] "Dependent" means a spouse or unmarried child under the age of 19 years, a dependent child who is a student under the age of 25 ~~and financially dependent upon the parent~~, or a dependent child of any age who is disabled.

Sec. 41. Minnesota Statutes 1994, section 62E.12, is amended to read:

62E.12 [MINIMUM BENEFITS OF COMPREHENSIVE HEALTH INSURANCE PLAN.]

The association through its comprehensive health insurance plan shall offer policies which provide the benefits of a number one qualified plan and a number two qualified plan, except that the maximum lifetime benefit on these plans shall be ~~$1,000,000~~ $1,500,000, and an extended basic plan and a basic Medicare plan as described in sections 62A.31 to 62A.44 and 62E.07. The requirement that a policy issued by the association must be a qualified plan is satisfied if the association contracts with a preferred provider network and the level of benefits for services provided within the network satisfies the requirements of a qualified plan. If the association uses a preferred provider network, payments to nonparticipating providers must meet the minimum requirements of section 72A.20, subdivision 15. They shall offer health maintenance organization contracts in those areas of the state where a health maintenance organization has agreed to make the coverage available and has been selected as a writing carrier. Notwithstanding the provisions of section 62E.06 the state plan shall exclude coverage of services of a private duty nurse other than on an inpatient basis and any charges for treatment in a hospital located outside of the state of Minnesota in which the covered person is receiving treatment for a mental or nervous disorder, unless similar treatment for the mental or nervous disorder is medically necessary, unavailable in Minnesota and provided upon referral by a licensed Minnesota medical practitioner.

Sec. 42. Minnesota Statutes 1994, section 62F.02, subdivision 2, is amended to read:

Subd. 2. [DIRECTORS.] The association shall have a board of directors composed of 11 persons chosen ~~annually~~ for a term of four years as follows: five persons elected by members of the association at a meeting called by the commissioner; three members who are health care providers appointed by the commissioner prior to the election by the association; and three public members, as defined in section 214.02, appointed by the governor prior to the election by the association.

Sec. 43. Minnesota Statutes 1994, section 62I.09, subdivision 2, is amended to read:

Subd. 2. [TERMS AND VACANCIES.] In the event of a member's inability to continue to serve, the commissioner shall appoint a replacement. The committee shall elect a chair and vice-chair from among the members. The term of each member is ~~one year commencing~~ four years beginning on June 1~~, except that the first members to be appointed to the committee shall serve from the date of their appointment until June 1 immediately following their appointment~~.

Sec. 44. Minnesota Statutes 1994, section 62L.02, subdivision 16, is amended to read:

Subd. 16. [HEALTH CARRIER.] "Health carrier" means an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated services network and an integrated service network operating under chapter 62N; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; and a multiple employer welfare arrangement, as defined in United States Code, title 29, section 1002(40), as amended. ~~For purposes of sections 62L.01 to 62L.12, but not for purposes of sections 62L.13 to 62L.22, "health carrier" includes a community integrated service network or integrated service network licensed under chapter 62N~~. Any use of this definition in another chapter by reference does not include a community integrated service network or integrated service network, unless otherwise specified. For the purpose of this chapter, companies that are affiliated companies or that are eligible to file a consolidated tax return must be treated as one health carrier, except that any insurance company or health service plan corporation that is an affiliate of a health maintenance organization located in Minnesota, or any health maintenance organization located in Minnesota that is an affiliate of an insurance company or health service plan corporation, or any health maintenance organization that is an affiliate of another health maintenance organization in Minnesota, may treat the health maintenance organization as a separate health carrier.

Sec. 45. Minnesota Statutes 1994, section 62L.03, subdivision 5, is amended to read:

Subd. 5. [CANCELLATIONS AND FAILURES TO RENEW.] (a) No health carrier shall cancel, decline to issue, or fail to renew a health benefit plan as a result of the claim experience or health status of the persons covered or to be covered by the health benefit plan. A health carrier may cancel or fail to renew a health benefit plan:

(1) for nonpayment of the required premium;

(2) for fraud or misrepresentation by the small employer, or, with respect to coverage of an individual eligible employee or dependent, fraud or misrepresentation by the eligible employee or dependent, with respect to eligibility for coverage or any other material fact;

(3) if eligible employee participation during the preceding calendar year declines to less than 75 percent, subject to the waiver of coverage provision in subdivision 3;

(4) if the employer fails to comply with the minimum contribution percentage required under subdivision 3;

(5) if the health carrier ceases to do business in the small employer market under section 62L.09;

(6) if a failure to renew is based upon the health carrier's decision to discontinue the health benefit plan form previously issued to the small employer, but only if the health carrier permits each small employer covered under the prior form to switch to its choice of any other health benefit plan offered by the health carrier, without any underwriting restrictions that would not have been permitted for renewal purposes; or

(7) for any other reasons or grounds expressly permitted by the respective licensing laws and regulations governing a health carrier, including, but not limited to, service area restrictions imposed on health maintenance organizations under section 62D.03, subdivision 4, paragraph (m), to the extent that these grounds are not expressly inconsistent with this chapter.

(b) A health carrier need not renew a health benefit plan, and shall not renew a small employer plan, if an employer ceases to qualify as a small employer as defined in section 62L.02. If a health benefit plan, other than a small employer plan, provides terms of renewal that do not exclude an employer that is no longer a small employer, the health benefit plan may be renewed according to its own terms. If a health carrier issues or renews a health plan to an employer that is no longer a small employer, without interruption of coverage, the health plan is subject to section 60A.082. Between July 1, 1994, and June 30, 1995, a health benefit plan in force during this time may be renewed, if the number of employees exceeds two, but does not exceed 49 employees.

Sec. 46. Minnesota Statutes 1994, section 65A.01, is amended by adding a subdivision to read:

Subd. 3b. [RESCISSION AND VOIDABILITY.] This policy must not be rescinded or voided except where the insured has willfully and with intent to defraud concealed or misrepresented a material fact or circumstance concerning this insurance or the subject of this insurance or the interests of the insured in this insurance. This provision must not operate to defeat a claim by a third party or a minor child of the named insured for damage or loss for which the policy provides coverage.

Sec. 47. Minnesota Statutes 1994, section 65B.06, subdivision 3, is amended to read:

Subd. 3. With respect to all automobiles not included in subdivisions 1 and 2, the facility shall provide:

(1) ~~Only the insurance~~ the minimum limits of coverage required by ~~law~~ section 65B.49, subdivisions 2, 3, 3a, and 4a, or higher limits of liability coverage as recommended by the governing committee and approved by the commissioner;

(2) for the equitable distribution of qualified applicants for this coverage among the members in accord with the applicable participation ratio, or among these insurance companies as selected under the provisions of the plan of operation; and

(3) for a school district or contractor transporting school children under contract with a school district, that amount of automobile liability insurance coverage, not to exceed $1,000,000, required by the school district by resolution or contract, or that portion of such $1,000,000 of coverage for which the school district or contractor applies and for which it is eligible under section 65B.10.

Sec. 48. Minnesota Statutes 1994, section 65B.08, subdivision 1, is amended to read:

Subdivision 1. [FILING.] As agent for members, the facility shall file with the commissioner all manuals of classification, all manuals of rules and rates, all rating plans, and any modifications of same, proposed for use for ~~private passenger nonfleet~~ automobile insurance placed through the facility. The classifications, rules and rates and any amendments thereto shall be subject to prior written approval by the commissioner. Rates, surcharge points, and increased limits factors filed by the facility shall not be excessive, inadequate, or unfairly discriminatory. No other entity, service or organization shall make filings for the facility or the members to apply to insurance placed through the facility.

Sec. 49. Minnesota Statutes 1994, section 65B.09, subdivision 1, is amended to read:

Subdivision 1. [AGENTS' RESPONSIBILITY.] Every person licensed under ~~chapter 60K~~ sections 60K.02 and 60K.03 who is authorized to solicit, negotiate or effect automobile insurance on behalf of any member shall:

(1) offer to place coverage through the facility for any qualified applicant who is ineligible or unacceptable for coverage in the insurer or insurers for whom the agent is authorized to solicit, negotiate or effect automobile insurance. Provided, that the failure of an agent to make such an offer to a qualified applicant shall not subject the agent to any liability to the applicant;

(2) forward to the facility all applications and any deposit premiums which are required by the plan of operation, rules and procedures of the facility, if the qualified applicant accepts the offer to have coverage placed through the facility;

(3) be entitled to receive compensation for placing insurance through the facility at the uniform rates of compensation as provided in the plan of operation, and all members shall pay such compensation.

Sec. 50. Minnesota Statutes 1994, section 65B.10, subdivision 3, is amended to read:

Subd. 3. [REVIEW OF INSUREDS.] At least annually, every member shall review every private passenger nonfleet applicant which it insures through the facility and determine whether or not such applicant is acceptable for voluntary insurance at a rate lower than the facility rate. If such applicant is acceptable, the member shall make an offer to insure the applicant under voluntary coverage at such lower rate.

Sec. 51. Minnesota Statutes 1994, section 65B.61, subdivision 1, is amended to read:

Subdivision 1. Basic economic loss benefits shall be primary with respect to benefits, except for those paid or payable under a workers' compensation law, which any person receives or is entitled to receive from any other source as a result of injury arising out of the maintenance or use of a motor vehicle. Where workers' compensation benefits paid or payable are primary, the reparation obligor shall make an appropriate rebate or reduction in the premiums of the plan of reparation security. The amount of the rebate or rate reduction shall be not less than the amount of the projected reduction in benefits and claims for which the reparation obligor will be liable on that class of risks. The projected reduction or rebate in benefits and claims shall be based upon sound actuarial principles.

Sec. 52. Minnesota Statutes 1994, section 72A.20, subdivision 13, is amended to read:

Subd. 13. [REFUSAL TO RENEW.] Refusing to renew, declining to offer or write, or charging differential rates for an equivalent amount of homeowner's insurance coverage, as defined by section 65A.27, for property located in a town or statutory or home rule charter city, in which the insurer offers to sell or writes homeowner's insurance, solely because:

(a) of the geographic area in which the property is located;

(b) of the age of the primary structure sought to be insured;

(c) the insured or prospective insured was denied coverage of the property by another insurer, whether by cancellation, nonrenewal or declination to offer coverage, for a reason other than those specified in section 65A.01, subdivision 3a, clauses (a) to (e); or

(d) the property of the insured or prospective insured has been insured under the Minnesota FAIR plan act, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

This subdivision prohibits an insurer from filing or charging different rates for different zip code areas within the same town or statutory or home rule charter city.

This subdivision shall not prohibit the insurer from applying underwriting or rating standards which the insurer applies generally in all other locations in the state and which are not specifically prohibited by clauses (a) to (d). Such underwriting or rating standards shall specifically include but not be limited to standards based upon the proximity of the insured property to an extraordinary hazard or based upon the quality or availability of fire protection services or based upon the density or concentration of the insurer's risks. Clause (b) shall not prohibit the use of rating standards based upon the age of the insured structure's plumbing, electrical, heating or cooling system or other part of the structure, the age of which affects the risk of loss. Any insurer's failure to comply with section 65A.29, subdivisions 2 to 4, either (1) by failing to give an insured or applicant the required notice or statement or (2) by failing to state specifically a bona fide underwriting or other reason for the refusal to write shall create a presumption that the insurer has violated this subdivision.

Sec. 53. Minnesota Statutes 1994, section 72A.20, is amended by adding a subdivision to read:

Subd. 32. [SUITABILITY OF INSURANCE FOR CUSTOMER.] In recommending or issuing life, endowment, individual accident and sickness, long-term care, annuity, life-endowment, or Medicare supplement insurance to a customer, an insurer, either directly or through its agent, must have reasonable grounds for believing that the recommendation is suitable for the customer.

In the case of group insurance marketed on a direct response basis without the use of direct agent contact, this subdivision is satisfied if the insurer has reasonable grounds to believe that the insurance offered is generally suitable for the group to whom the offer is made.

Sec. 54. Minnesota Statutes 1994, section 72B.05, is amended to read:

72B.05 [NONRESIDENTS.]

A nonresident person may become licensed under sections 72B.01 to 72B.14, provided that the person meets all of the requirements of sections 72B.01 to 72B.14, and complies with their provisions, and, on a form prescribed by the commissioner, appoints the commissioner as the attorney upon whom may be served all legal process issued in connection with any action or proceeding brought or pending in this state against or involving the licensee and relating to transactions under the license; the appointment shall be irrevocable and shall continue so long as any such action or proceeding could arise or exist.

~~Duplicate copies~~ Service of process ~~shall be served upon the commissioner, accompanied by payment of the fee specified in section 60A.14, subdivision 1(3)(d). Upon receiving such service, the commissioner shall promptly forward a copy thereof by registered or certified mail, with return receipt requested, to the nonresident licensee at that person's last known address. Process served upon the commissioner in this manner shall for all purposes constitute personal service thereof upon the licensee~~ must be made in compliance with section 45.028, subdivision 2.

Sec. 55. Minnesota Statutes 1994, section 79.251, subdivision 5, is amended to read:

Subd. 5. [ASSESSMENTS.] The commissioner shall assess all insurers licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b) an amount sufficient to fully fund the obligations of the assigned risk plan, if the commissioner determines that the assets of the assigned risk plan are insufficient to meet its obligations. The assessment of each insurer shall be in a proportion equal to the proportion which the amount of compensation insurance written in this state during the preceding calendar year by that insurer bears to the total compensation insurance written in this state during the preceding calendar year by all licensed insurers.

Amounts assessed under this subdivision are considered a liability of the assigned risk plan, to be repaid upon dissolution of the plan.

Sec. 56. Minnesota Statutes 1994, section 79.251, is amended by adding a subdivision to read:

Subd. 8. [DISSOLUTION.] Upon the dissolution of the assigned risk plan, the commissioner shall proceed to wind up the affairs of the plan, settle its accounts, and dispose of its assets. The assets and property of the assigned risk plan must be applied and distributed in the following order of priority:

(1) to the establishment of reserves for claims under policies and contracts of coverage issued by the assigned risk plan before termination;

(2) to the payment of all debts and liabilities of the assigned risk plan, including the repayment of loans and assessments;

(3) to the establishment of reserves considered necessary by the commissioner for contingent liabilities or obligations of the assigned risk plan other than claims arising under policies and contracts of coverage; and

(4) to the state of Minnesota.

If the commissioner determines that the assets of the assigned risk plan are insufficient to meet

its obligations under clauses (1), (2), and (3), excluding the repayment of assessments, the commissioner shall assess all insurers licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b), an amount sufficient to fully fund these obligations.

Sec. 57. Minnesota Statutes 1994, section 79.34, subdivision 2, is amended to read:

Subd. 2. [LOSSES; RETENTION LIMITS.] The reinsurance association shall provide and each member shall accept indemnification for 100 percent of the amount of ultimate loss sustained in each loss occurrence relating to one or more claims arising out of a single compensable event, including aggregate losses related to a single event or occurrence which constitutes a single loss occurrence, under chapter 176 on and after October 1, 1979, in excess of ~~$300,000 or $100,000~~ a low, a high, or a super retention limit, at the option of the member. In case of occupational disease causing disablement on and after October 1, 1979, each person suffering disablement due to occupational disease is considered to be involved in a separate loss occurrence. ~~The lower retention limit shall be increased to the nearest $10,000, on January 1, 1982 and on each January 1 thereafter by the percentage increase in the statewide average weekly wage, as determined in accordance with section 176.011, subdivision 20. On January 1, 1982 and on each January 1 thereafter, the higher retention limit shall be increased by the amount necessary to retain a $200,000 difference between the two retention limits.~~ On January 1, 1995, the lower retention limit is $250,000, which shall also be known as the 1995 base retention limit. On each January 1 thereafter, the cumulative annual percentage changes in the statewide average weekly wage after October 1, 1994, as determined in accordance with section 176.011, subdivision 20, shall first be multiplied by the 1995 base retention limit, the result of which shall then be added to the 1995 base retention limit. The resulting figure shall be rounded to the nearest $10,000, yielding the low retention limit for that year, provided that the low retention limit shall not be reduced in any year. The high retention limit shall be two times the low retention limit and shall be adjusted when the low retention limit is adjusted. The super retention period shall be four times the low retention period and shall be adjusted when the low retention limit is adjusted. Ultimate loss as used in this section means the actual loss amount which a member is obligated to pay and which is paid by the member for workers' compensation benefits payable under chapter 176 and shall not include claim expenses, assessments, damages or penalties. For losses incurred on or after January 1, 1979, any amounts paid by a member pursuant to sections 176.183, 176.221, 176.225, and 176.82 shall not be included in ultimate loss and shall not be indemnified by the reinsurance association. A loss is incurred by the reinsurance association on the date on which the accident or other compensable event giving rise to the loss occurs, and a member is liable for a loss up to its retention limit in effect at the time that the loss was incurred, except that members which are determined by the reinsurance association to be controlled by or under common control with another member, and which are liable for claims from one or more employees entitled to compensation for a single compensable event, including aggregate losses relating to a single loss occurrence, may aggregate their losses and obtain indemnification from the reinsurance association for the aggregate losses in excess of the ~~higher~~ highest retention limit selected by any of the members in effect at the time the loss was incurred. Each member is liable for payment of its ultimate loss and shall be entitled to indemnification from the reinsurance association for the ultimate loss in excess of the member's retention limit in effect at the time of the loss occurrence.

A member that chooses the ~~higher~~ high or super retention limit shall retain the liability for all losses below the ~~higher~~ chosen retention limit itself and shall not transfer the liability to any other entity or reinsure or otherwise contract for reimbursement or indemnification for losses below its retention limit, except in the following cases: (a) when the reinsurance or contract is with another member which, directly or indirectly, through one or more intermediaries, control or are controlled by or are under common control with the member; (b) when the reinsurance or contract provides for reimbursement or indemnification of a member if and only if the total of all claims which the member pays or incurs, but which are not reimbursable or subject to indemnification by the reinsurance association for a given period of time, exceeds a dollar value or percentage of premium written or earned and stated in the reinsurance agreement or contract; (c) when the reinsurance or contract is a pooling arrangement with other insurers where liability of the member to pay claims pursuant to chapter 176 is incidental to participation in the pool and not as a result of providing workers' compensation insurance to employers on a direct basis under chapter 176; (d) when the reinsurance or contract is limited to all the claims of a specific insured of a member which are reimbursed or indemnified by a reinsurer which, directly or indirectly, through one or

more intermediaries, controls or is controlled by or is under common control with the insured of the member so long as any subsequent contract or reinsurance of the reinsurer relating to the claims of the insured of a member is not inconsistent with the bases of exception provided under clauses (a), (b) and (c); or (e) when the reinsurance or contract is limited to all claims of a specific self-insurer member which are reimbursed or indemnified by a reinsurer which, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the self-insurer member so long as any subsequent contract or reinsurance of the reinsurer relating to the claims of the self-insurer member are not inconsistent with the bases for exception provided under clauses (a), (b) and (c).

Whenever it appears to the commissioner of labor and industry that any member that chooses the ~~higher~~ high or super retention limit has participated in the transfer of liability to any other entity or reinsured or otherwise contracted for reimbursement or indemnification of losses below its retention limit in a manner inconsistent with the bases for exception provided under clauses (a), (b), (c), (d), and (e), the commissioner may, after giving notice and an opportunity to be heard, order the member to pay to the state of Minnesota an amount not to exceed twice the difference between the reinsurance premium for the ~~higher and lower~~ high or super retention limit, as appropriate, and the low retention limit applicable to the member for each year in which the prohibited reinsurance or contract was in effect. Any member subject to this penalty provision shall continue to be bound by its selection of the ~~higher~~ high or super retention limit for purposes of membership in the reinsurance association.

Sec. 58. Minnesota Statutes 1994, section 79.35, is amended to read:

79.35 [DUTIES; RESPONSIBILITIES; POWERS.]

The reinsurance association shall do the following on behalf of its members:

(a) Assume 100 percent of the liability as provided in section 79.34;

(b) Establish procedures by which members shall promptly report to the reinsurance association each claim which, on the basis of the injury sustained, may reasonably be anticipated to involve liability to the reinsurance association if the member is held liable under chapter 176. Solely for the purpose of reporting claims, the member shall in all instances consider itself legally liable for the injury. The member shall advise the reinsurance association of subsequent developments likely to materially affect the interest of the reinsurance association in the claim;

(c) Maintain relevant loss and expense data relative to all liabilities of the reinsurance association and require each member to furnish statistics in connection with liabilities of the reinsurance association at the times and in the form and detail as may be required by the plan of operation;

(d) Calculate and charge to members a total premium sufficient to cover the expected liability which the reinsurance association will incur ~~in excess of the higher retention limit but less than the prefunded limit~~, together with incurred or estimated to be incurred operating and administrative expenses for the period to which this premium applies and actual claim payments to be made by members, during the period to which this premium applies, for claims in excess of the prefunded limit in effect at the time the loss was incurred. Each member shall be charged a premium established by the board as sufficient to cover the reinsurance association's incurred liabilities and expenses between the member's selected retention limit and the prefunded limit. The prefunded limit shall be ~~$2,500,000 on and after October 1, 1979, provided that the prefunded limit shall be increased on January 1, 1983 and on each January 1 thereafter by the percentage increase in the statewide average weekly wage, to the nearest $100,000, as determined in accordance with section 176.011, subdivision~~ 20 times the lower retention limit established in section 79.34, subdivision 2. Each member shall be charged a proportion of the total premium calculated for its selected retention limit in an amount equal to its proportion of the exposure base of all members during the period to which the reinsurance association premium will apply. The exposure base shall be determined by the board and is subject to the approval of the commissioner of labor and industry. In determining the exposure base, the board shall consider, among other things, equity, administrative convenience, records maintained by members, amenability to audit, and degree of risk refinement. ~~Each member exercising the lower retention option shall also be charged a premium established by the board as sufficient to cover incurred or estimated to be incurred claims~~

~~for the liability the reinsurance association is likely to incur between the lower and higher retention limits for the period to which the premium applies.~~ Each member shall also be charged a premium determined by the board to equitably distribute excess or deficient premiums from previous periods including any excess or deficient premiums resulting from a retroactive change in the prefunded limit. The premiums charged to members shall not be unfairly discriminatory as defined in section 79.074. All premiums shall be approved by the commissioner of labor and industry;

(e) Require and accept the payment of premiums from members of the reinsurance association;

(f) Receive and distribute all sums required by the operation of the reinsurance association;

(g) Establish procedures for reviewing claims procedures and practices of members of the reinsurance association. If the claims procedures or practices of a member are considered inadequate to properly service the liabilities of the reinsurance association, the reinsurance association may undertake, or may contract with another person, including another member, to adjust or assist in the adjustment of claims which create a potential liability to the association. The reinsurance association may charge the cost of the adjustment under this paragraph to the member, except that any penalties or interest incurred under sections 176.183, 176.221, 176.225, and 176.82 as a result of actions by the reinsurance association after it has undertaken adjustment of the claim shall not be charged to the member but shall be included in the ultimate loss and listed as a separate item; and

(h) Provide each member of the reinsurance association with an annual report of the operations of the reinsurance association in a form the board of directors may specify.

Sec. 59. Minnesota Statutes 1994, section 79A.01, is amended by adding a subdivision to read:

Subd. 10. [COMMON CLAIMS FUND.] "Common claims fund," with respect to group self-insurers, are the cash, cash equivalents, or investment accounts maintained by the group to pay its workers' compensation liabilities.

Sec. 60. Minnesota Statutes 1994, section 79A.02, subdivision 4, is amended to read:

Subd. 4. [RECOMMENDATIONS TO COMMISSIONER REGARDING REVOCATION.] After each fifth anniversary from the date each individual and group self-insurer becomes certified to self-insure, the committee shall review all relevant financial data filed with the department of commerce that is otherwise available to the public and make a recommendation to the commissioner about whether each self-insurer's certificate should be revoked. For group self-insurers who have been in existence for five years or more and have been granted renewal authority, a level of funding in the common claims fund must be maintained at not less than the greater of either: (1) one year's claim losses paid in the most recent year; or (2) one-third of the security deposit posted with the department of commerce according to section 79A.04, subdivision 2.

Sec. 61. Minnesota Statutes 1994, section 79A.03, is amended by adding a subdivision to read:

Subd. 4a. [EXCEPTIONS.] Notwithstanding the requirements of subdivisions 3 and 4, the commissioner, pursuant to a review of an existing self-insurer's financial data, may continue a self-insurer's authority to self-insure for one year if, in the commissioner's judgment based on all factors relevant to the self-insurer's financial status, the self-insurer will be able to meet its obligations under this chapter for the following year. The relevant factors to be considered must include, but must not be limited to, the liquidity ratios, leverage ratios, and profitability ratios of the self-insurer. Where a self-insurer's authority to self-insure is continued under this subdivision, the self-insurer may be required to post security in the amount equal to two times the amount of security required under section 79A.04, subdivision 2.

Sec. 62. Minnesota Statutes 1994, section 176.181, subdivision 2, is amended to read:

Subd. 2. [COMPULSORY INSURANCE; SELF-INSURERS.] (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of commerce exempting the

employer from insuring liability for compensation and permitting self-insurance of the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 14. The commissioner of commerce shall also adopt, pursuant to clause (2)(c), rules permitting two or more employers, whether or not they are in the same industry, to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of commerce, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure the other portion of operations as a distinct and separate risk. An employer desiring to be exempted from insuring liability for compensation shall make application to the commissioner of commerce, showing financial ability to pay the compensation, whereupon by written order the commissioner of commerce, on deeming it proper, may make an exemption. An employer may establish financial ability to pay compensation by providing financial statements of the employer to the commissioner of commerce. Upon ten days' written notice the commissioner of commerce may revoke the order granting an exemption, in which event the employer shall immediately insure the liability. As a condition for the granting of an exemption the commissioner of commerce may require the employer to furnish security the commissioner of commerce considers sufficient to insure payment of all claims under this chapter, consistent with subdivision 2b. If the required security is in the form of currency or negotiable bonds, the commissioner of commerce shall deposit it with the state treasurer. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to the self-insurer, the commissioner of commerce may by written order to the state treasurer require the treasurer to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money obtained shall be deposited in the state treasury to the credit of the commissioner of commerce and awards made against any such self-insurer by the commissioner of commerce shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of commerce and approved by the commissioner of finance out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of commerce, at any time, upon at least ten days notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2)(a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed, or exempt from licensure, pursuant to section 60A.23, subdivision 8, to do so by the commissioner of commerce. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of commerce is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of commerce may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two-year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of commerce.

(c) To carry out the purposes of this subdivision, the commissioner of commerce may promulgate administrative rules, including emergency rules, pursuant to sections 14.001 to 14.69. These rules may:

(i) establish reporting requirements for administrators of group self-insurance plans;

(ii) establish standards and guidelines consistent with subdivision 2b to assure the adequacy of the financing and administration of group self-insurance plans;

(iii) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(iv) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(v) establish standards or guidelines governing the formation, operation, administration, and dissolution of self-insurance plans; and

(vi) establish other reasonable requirements to further the purposes of this subdivision. ~~The rules may not require excessive cash payments to a common claims fund by group self insurers. However, a level of funding in the common claims fund must always be maintained at not less than one year's claim losses paid in the most recent year.~~

Sec. 63. Minnesota Statutes 1994, section 299F.053, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZED PERSON.] "Authorized person" means:

(a) the state fire marshal when authorized or charged with the investigation of fires at the place where the fire actually took place;

(b) superintendent of the bureau of criminal apprehension;

(c) the prosecuting attorney responsible for prosecutions in the county where the fire occurred;

(d) the sheriff or chief of police responsible for investigation in the county where the fire occurred;

(e) the county attorney responsible for the prosecution in the county where the fire occurred;

(f) the Federal Bureau of Investigation or any other federal agency;

(g) the United States attorney's office when authorized or charged with investigation or prosecution of a case involving a fire loss; ~~or~~

(h) the chief administrative officer of the municipal arson squad; or

(i) the commissioner of commerce.

Sec. 64. Minnesota Statutes 1994, section 515A.3-112, is amended to read:

515A.3-112 [INSURANCE.]

(a) Commencing not later than the time of the first conveyance of a unit to a unit owner other than a declarant, the association shall maintain, to the extent reasonably available:

(1) Property insurance on the common elements and units, exclusive of land, excavations, foundations, and other items normally excluded from property policies, insuring against all risks of direct physical loss. The total amount of insurance after application of any deductibles shall be not less than 80 percent of the full insurable replacement cost of the insured property. The association or its authorized agent may enter a unit at reasonable times upon reasonable notice for the purpose of making appraisals for insurance purposes.

(2) Comprehensive general liability insurance, in an amount determined by the board of directors but not less than any amount specified in the declaration, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements.

(b) If the insurance described in subsection (a) is not maintained, the association shall immediately cause notice of that fact to be sent postage prepaid by United States mail to all unit owners at their respective units and other addresses provided to the association. The declaration may require the association to carry any other insurance, and the association in any event may carry any other insurance it deems appropriate to protect the association or the unit owners.

(c) Insurance policies carried pursuant to subsection (a) shall provide that:

(1) Each unit owner and holder of a vendor's interest in a contract for deed is an insured person under the policy with respect to liability arising out of ownership of an undivided interest in the common elements;

(2) The insurer waives its right to subrogation under the policy against any unit owner of the condominium or members of the unit owner's household and against the association and members of the board of directors;

(3) No act or omission by any unit owner or holder of an interest as security for an obligation, unless acting within the scope of authority on behalf of the association, shall void the policy or be a condition to recovery under the policy; and

(4) If, at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same property covered by the policy, the policy is primary insurance not contributing with the other insurance.

(d) Any loss covered by the property policy under subsection (a)(1) shall be adjusted with the association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the association. The insurance trustee or the association shall hold any insurance proceeds in trust for unit owners and holders of an interest as security for an obligation as their interests may appear. The proceeds shall be disbursed first for the repair or restoration of the damaged common elements and units, and unit owners and holders of an interest as security for an obligation are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the common elements and units have been completely repaired or restored, or the condominium is terminated.

(e) An insurance policy issued to the association does not prevent a unit owner from obtaining insurance for personal benefit.

(f) An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance, upon request, to any unit owner, or holder of an interest as security for an obligation. The insurance may not be canceled until ~~30~~ 60 days after notice of the proposed cancellation has been mailed to the association and to each unit owner and holder of an interest as security for an obligation to whom certificates of insurance have been issued.

(g) Any portion of the condominium damaged or destroyed shall be promptly repaired or replaced by the association unless (1) the condominium is terminated and the association votes not to repair or replace all or part thereof, (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (3) 80 percent of the unit owners, including every owner and first mortgagee of a unit or assigned limited common element which will not be rebuilt, vote not to rebuild. The cost of repair or replacement of a unit or the common area in excess of insurance proceeds and reserves shall be a common expense. If less than the entire condominium is repaired or replaced, (1) the insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the condominium, (2) the insurance proceeds attributable to units and limited common elements which are not rebuilt shall be distributed to the owners of those units and the holders of an interest as security for an obligation of those units and the owners and holders of an interest as security for an obligation of the units to which those limited common elements were assigned, as their interests may appear, and (3) the remainder of the proceeds shall be distributed to all the unit owners and holders of an interest as security for an obligation as their interests may appear in proportion to their common element interest. In the event the unit owners vote not to rebuild a unit, that unit's entire common element interest, votes in the association, and common expense liability are automatically reallocated upon the vote as if the unit had been condemned under section 515A.1-107(a), and the association shall promptly prepare, execute and record an amendment to the declaration reflecting the reallocations. Notwithstanding the provisions of this subsection, if the condominium is terminated, insurance proceeds not used for repair or replacement shall be distributed in the same manner as sales proceeds pursuant to section 515A.2-120.

(h) The provisions of this section may be varied or waived in the case of a condominium all of the units of which are restricted to nonresidential use.

Sec. 65. Minnesota Statutes 1994, section 515B.3-113, is amended to read:

515B.3-113 [INSURANCE.]

(a) Commencing not later than the time of the first conveyance of a unit to a unit owner other than a declarant, the association shall maintain, to the extent reasonably available:

(1) subject to subsection (b), property insurance (i) on the common elements and, in a planned community, also on property that must become common elements, (ii) for broad form covered causes of loss, and (iii) in a total amount of not less than the full insurable replacement cost of the insured property, less deductibles, at the time the insurance is purchased and at each renewal date, exclusive of items normally excluded from property policies; and

(2) commercial general liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the property in an amount, if any, specified by the common interest community instruments or otherwise deemed sufficient in the judgment of the board, insuring the board, the association, the management agent, and their respective employees, agents and all persons acting as agents. The declarant shall be included as an additional insured in its capacity as a unit owner or board member. The unit owners shall be included as additional insureds but only for claims and liabilities arising in connection with the ownership, existence, use or management of the common elements. The insurance shall cover claims of one or more insured parties against other insured parties.

(b) In the case of a common interest community that contains units sharing or having contiguous walls, siding or roofs, the insurance maintained under subsection (a)(1) shall include the units and the common elements. The insurance need not cover improvements and betterments to the units installed by unit owners, but if improvements and betterments are covered, any increased cost may be assessed by the association against the units affected. The association may, in the case of a claim for damage to a unit or units, (i) pay the deductible amount as a common expense, (ii) assess the deductible amount against the units affected in any reasonable manner, or (iii) require the unit owners of the units affected to pay the deductible amount directly.

(c) If the insurance described in subsections (a) and (b) is not reasonably available, the association shall promptly cause notice of that fact to be hand delivered or sent prepaid by United States mail to all unit owners. The declaration may require the association to carry any other insurance, and the association in any event may carry any other insurance it considers appropriate to protect the association, the unit owners or officers, directors or agents of the association.

(d) Insurance policies carried pursuant to subsections (a) and (b) shall provide that:

(1) each unit owner and secured party is an insured person under the policy with respect to liability arising out of the unit owner's interest in the common elements or membership in the association;

(2) the insurer waives its right to subrogation under the policy against any unit owner of the condominium or members of the unit owner's household and against the association and members of the board of directors;

(3) no act or omission by any unit owner or secured party, unless acting within the scope of authority on behalf of the association, shall void the policy or be a condition to recovery under the policy; and

(4) if at the time of a loss under the policy there is other insurance in the name of a unit owner covering the same property covered by the policy, the association's policy is primary insurance.

(e) Any loss covered by the property policy under subsection (a)(1) shall be adjusted by and with the association. The insurance proceeds for that loss shall be payable to the association, or to an insurance trustee designated by the association for that purpose. The insurance trustee or the association shall hold any insurance proceeds in trust for unit owners and secured parties as their interests may appear. The proceeds shall be disbursed first for the repair or restoration of the damaged common elements and units. Unit owners and secured parties are not entitled to receive any portion of the proceeds unless there is a surplus of proceeds after the common elements and units have been completely repaired or restored or the common interest community is terminated.

(f) Unit owners may obtain insurance for personal benefit in addition to insurance carried by the association.

(g) An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance, upon request, to any unit owner or secured party. The insurance may not be canceled until ~~30~~ 60 days after notice of the proposed cancellation has been mailed to the association, each unit owner and each secured party for an obligation to whom certificates of insurance have been issued.

(h) Any portion of the common interest community which is damaged or destroyed as the result of a loss covered by the association's insurance shall be promptly repaired or replaced by the association unless (i) the common interest community is terminated and the association votes not to repair or replace all or part thereof, (ii) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (iii) 80 percent of the unit owners, including every owner and holder of a first mortgage on a unit or assigned limited common element which will not be rebuilt, vote not to rebuild. The cost of repair or replacement of the common elements in excess of insurance proceeds and reserves shall be paid as a common expense, and the cost of repair of a unit in excess of insurance proceeds shall be paid by the respective unit owner.

(i) If less than the entire common interest community is repaired or replaced, (i) the insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the common interest community, (ii) the insurance proceeds attributable to units and limited common elements which are not rebuilt shall be distributed to the owners of those units, including units to which the limited common elements were assigned, and the secured parties of those units, as their interests may appear, and (iii) the remainder of the proceeds shall be distributed to all the unit owners and secured parties as their interests may appear in proportion to their common element interest in the case of a condominium or in proportion to their common expense liability in the case of a planned community or cooperative.

(j) If the unit owners and holders of first mortgages vote not to rebuild a unit, that unit's entire common element interest, votes in the association, and common expense liability are automatically reallocated upon the vote as if the unit had been condemned under section 515B.1-107, and the association shall promptly prepare, execute and record an amendment to the declaration reflecting the reallocations. Notwithstanding the provisions of this subsection, if the common interest community is terminated, insurance proceeds not used for repair or replacement shall be distributed in the same manner as sales proceeds pursuant to section 515B.2-119.

(k) The provisions of this section may be varied or waived in the case of a common interest community in which all units are restricted to nonresidential use.

Sec. 66. [REPORT ON MANDATED INSURANCE DISCLOSURES AND NOTICES.]

The commissioner of commerce shall report to the legislature by February 1, 1996, on the status of insurance disclosures and notices that are required by law to be distributed with insurance applications, marketing materials, or claim forms. The report shall include recommendations on the disclosures or notices that are no longer necessary and a recommendation for consolidation of all legally required disclosures or notices on a single disclosure form.

Sec. 67. [REPEALER.]

Minnesota Statutes 1994, sections 61A.072, subdivision 3; and 65B.07, subdivision 5, are repealed.

Sec. 68. [EFFECTIVE DATES.]

Sections 1 to 4, 6 to 13, 16 to 18, 20, 22 to 25, 29, 31 to 35, 38, 40, 42, 43, 46, 53, 54, 56, 59 to 63, and 67 are effective the day following final enactment.

Section 14 is effective January 1, 1997.

Section 39 is effective July 1, 1995.

Section 44 is effective retroactive to January 1, 1995.

Sections 57 and 58 are effective January 1, 1996.

Sections 26, 27, and 37 are effective January 1, 1996, and apply to coverage issued or renewed on or after that date.

Section 28 is effective the day following final enactment and applies to health plans offered, issued, sold, or renewed to provide coverage to a Minnesota resident on or after that date.

Section 41 is effective July 1, 1995, and applies to coverage issued or renewed on or after that date.

Section 45 is effective retroactive to July 1, 1994."

Delete the title and insert:

"A bill for an act relating to insurance; regulating coverages, notice provisions, enforcement provisions, and licensees; the comprehensive health association; increasing the lifetime benefit limit; making technical changes; providing for certain breast cancer coverage; prohibiting certain rate differentials within the same town or city; amending Minnesota Statutes 1994, sections 60A.06, subdivision 3; 60A.085; 60A.111, subdivision 2; 60A.124; 60A.23, subdivision 8; 60A.26; 60A.951, subdivisions 2 and 5; 60A.954, subdivision 1; 60A.955; 60K.03, subdivision 7; 60K.14, subdivision 1; 61A.03, subdivision 1; 61A.071; 61A.092, subdivisions 3 and 6; 61B.28, subdivisions 8 and 9; 62A.042; 62A.10; 62A.135; 62A.136; 62A.14; 62A.141; 62A.31, subdivisions 1h and 1i; 62A.46, subdivision 2, and by adding a subdivision; 62A.48, subdivisions 1 and 2; 62A.50, subdivision 3; 62C.14, subdivisions 5 and 14; 62D.02, subdivision 8; 62E.02, subdivision 7; 62E.12; 62F.02, subdivision 2; 62I.09, subdivision 2; 62L.02, subdivision 16; 62L.03, subdivision 5; 65A.01, by adding a subdivision; 65B.06, subdivision 3; 65B.08, subdivision 1; 65B.09, subdivision 1; 65B.10, subdivision 3; 65B.61, subdivision 1; 72A.20, subdivision 13, and by adding a subdivision; 72B.05; 79.251, subdivision 5, and by adding a subdivision; 79.34, subdivision 2; 79.35; 79A.01, by adding a subdivision; 79A.02, subdivision 4; 79A.03, by adding a subdivision; 176.181, subdivision 2; 299F.053, subdivision 2; 515A.3-112; and 515B.3-113; proposing coding for new law in Minnesota Statutes, chapters 60A; and 62A; repealing Minnesota Statutes 1994, sections 61A.072, subdivision 3; and 65B.07, subdivision 5."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) John C. Hottinger, Cal Larson, Jerry R. Janezich

House Conferees: (Signed) David Tomassoni, Betty McCollum, Teresa Lynch

Mr. Hottinger moved that the foregoing recommendations and Conference Committee Report on S.F. No. 440 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Pursuant to Rule 22, Ms. Olson moved to be excused from voting on S.F. No. 440. The motion prevailed.

The question was taken on the motion of Mr. Hottinger. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 440 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Johnson, D.E.	Kramer	Marty
Beckman	Cohen	Johnson, D.J.	Krentz	Merriam
Belanger	Day	Johnson, J.B.	Kroening	Metzen
Berg	Finn	Johnston	Laidig	Moe, R.D.
Berglin	Flynn	Kelly	Larson	Mondale
Bertram	Frederickson	Kiscaden	Lesewski	Morse
Betzold	Hottinger	Kleis	Lessard	Murphy
Chandler	Janezich	Knutson	Limmer	Neuville

Novak	Piper	Riveness	Solon	Wiener
Oliver	Pogemiller	Robertson	Spear	
Ourada	Price	Sams	Stevens	
Pappas	Ranum	Samuelson	Terwilliger	
Pariseau	Reichgott Junge	Scheevel	Vickerman	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 1040: Messrs. Morse, Riveness, Pogemiller, Terwilliger and Stevens.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has reconsidered the vote whereby H.F. No. 265, as amended by conference, was repassed and has also reconsidered the vote whereby the recommendations and report of the Conference Committee on H.F. No. 265 were adopted on May 22, 1995.

As requested by the Senate, the House has re-referred the subject matter of said bill to the Conference Committee, as formerly constituted, for further consideration.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 992, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 992: A bill for an act relating to health; reinstating certain advisory councils and a task force; amending Minnesota Statutes 1994, section 326.41.

Senate File No. 992 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1551, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1551: A bill for an act relating to agricultural economics; providing loans and incentives for agricultural energy resources development for family farms and cooperatives; amending Minnesota Statutes 1994, sections 41B.02, subdivision 19; 41B.046, subdivision 1, and by adding a subdivision; and 216C.41, subdivisions 1, 2, 3, and 4.

Senate File No. 1551 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1246, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1246: A bill for an act relating to state government; abolishing periodic reports; repealing obsolete rules of the departments of agriculture, commerce, health, human services, public safety, public service, and revenue and the pollution control agency; removing internal references to repealed rules; providing a deadline for certain actions by state and local government agencies; clarifying statutory waiver requirements with respect to the housing finance agency for the civil service pilot project; requiring legislative review of certain agency reorganization efforts; establishing the office of citizen advocate in the department of administration; modifying provisions relating to data classification; workers' compensation premium collection; employment classifications and procedures; and benefits; providing penalties; establishing a task force to recommend a governmental structure for environmental and natural resource functions and services; requiring establishment of an employee participation committee before agency restructuring; abolishing the department of natural resources, the board of water and soil resources, the office of environmental assistance, the pollution control agency, the environmental quality board, the harmful substances compensation board, the petroleum tank release compensation board, and the agricultural chemical response board; providing for appointments; abolishing the transportation regulation board; transferring its functions to other agencies; establishing pilot projects to improve the efficiency and effectiveness of state agencies; authorizing waivers of certain rules and policies; abolishing the legislative commission on children, youth, and their families, the legislative water commission, the legislative commission on the economic status of women, the legislative commission on child protection, the legislative commission on health care access, the legislative commission on long-term health care, the legislative commission on waste management, and the legislative tax study commission; transferring functions of the legislative commission on Minnesota resources to the office of strategic and long-range planning; establishing the department of children, families, and learning; making related changes; amending Minnesota Statutes 1994, sections 4.071, subdivision 2; 13.67; 15A.081, subdivision 1; 43A.04, subdivision 1; 43A.08, subdivision 1; 43A.10, subdivision 8; 43A.13, subdivision 6; 43A.15, by adding a subdivision; 43A.19, subdivision 1; 43A.191, subdivisions 1, 2, and 3; 43A.24, subdivision 2; 43A.27, subdivision 3; 43A.316; 43A.317, subdivision 5; 62J.04, subdivision 1a; 62J.45, subdivision 8; 62Q.33, subdivision 5; 84.0274, subdivision 7; 85.019, subdivision 2; 86.72, subdivisions 2 and 3; 89.022, subdivision 2; 103A.43; 103B.321, subdivision 1; 115A.07, subdivision 3; 115A.15, subdivision 5; 115A.158, subdivision 2; 115A.165; 115A.193; 115A.22, subdivision 5; 115A.5501, subdivisions 2 and 4; 115A.551, subdivisions 4 and 5; 115A.557, subdivision 4; 115A.9157, subdivision 6; 115A.96, subdivision 2; 115A.961, subdivision 2; 115A.9651, subdivision 2; 115A.97, subdivisions 5 and 6; 115B.20, subdivisions 2, 5, and 6; 116C.712, subdivision 5; 116J.555, subdivision 2; 116P.02; 116P.03; 116P.05, subdivision 2, and by adding a subdivision; 116P.06; 116P.07; 116P.08, subdivisions 3, 4, 5, 6, and 7; 116P.09; 116P.10; 116P.11; 116P.12; 116Q.02; 174.02, subdivisions 4, 5, and by adding subdivisions; 174.06, by adding a subdivision; 174.10; 218.041, subdivision 6; 219.074, subdivisions 1 and 2; 256.9352, subdivision 3; 256B.0644; 256B.431, subdivision 2i; 256F.13, subdivision 1; 290.431; 290.432; 356.87; and 473.846; Minnesota Rules, parts 1540.2140; 7001.0140, subpart 2; 7001.0180; 8130.3500, subpart 3; and 8130.6500, subpart 5; proposing

coding for new law in Minnesota Statutes, chapters 15; 16B; 174; and 465; proposing coding for new law as Minnesota Statutes, chapter 119A; repealing Minnesota Statutes 1994, sections 3.861; 3.873; 3.885; 3.887; 3.9222; 3.9227; 14.115, subdivision 8; 62J.04, subdivision 4; 62J.07; 62N.24; 103B.351; 115A.03, subdivision 16; 115A.08; 115A.14; 115A.29; 115A.38; 115A.411; 115A.913, subdivision 5; 115A.9157, subdivision 4; 115A.965, subdivision 7; 115A.981, subdivision 3; 115B.22, subdivision 8; 115B.43, subdivision 4; 116P.05, subdivision 1; 174.05; 174.06; 174A.01; 174A.02; 174A.03; 174A.04; 216C.051; 218.011, subdivision 7; 218.041, subdivision 7; 256B.504; 473.149, subdivisions 2c and 6; 473.845, subdivision 4; and 473.848, subdivision 4; Minnesota Rules, parts 1540.0010, subparts 12, 18, 21, 22, and 24; 1540.0060; 1540.0070; 1540.0080; 1540.0100; 1540.0110; 1540.0120; 1540.0130; 1540.0140; 1540.0150; 1540.0160; 1540.0170; 1540.0180; 1540.0190; 1540.0200; 1540.0210; 1540.0220; 1540.0230; 1540.0240; 1540.0260; 1540.0320; 1540.0330; 1540.0340; 1540.0350; 1540.0370; 1540.0380; 1540.0390; 1540.0400; 1540.0410; 1540.0420; 1540.0440; 1540.0450; 1540.0460; 1540.0490; 1540.0500; 1540.0510; 1540.0520; 1540.0770; 1540.0780; 1540.0800; 1540.0810; 1540.0830; 1540.0880; 1540.0890; 1540.0900; 1540.0910; 1540.0920; 1540.0930; 1540.0940; 1540.0950; 1540.0960; 1540.0970; 1540.0980; 1540.0990; 1540.1000; 1540.1005; 1540.1010; 1540.1020; 1540.1030; 1540.1040; 1540.1050; 1540.1060; 1540.1070; 1540.1080; 1540.1090; 1540.1100; 1540.1110; 1540.1120; 1540.1130; 1540.1140; 1540.1150; 1540.1160; 1540.1170; 1540.1180; 1540.1190; 1540.1200; 1540.1210; 1540.1220; 1540.1230; 1540.1240; 1540.1250; 1540.1255; 1540.1260; 1540.1280; 1540.1290; 1540.1300; 1540.1310; 1540.1320; 1540.1330; 1540.1340; 1540.1350; 1540.1360; 1540.1380; 1540.1400; 1540.1410; 1540.1420; 1540.1430; 1540.1440; 1540.1450; 1540.1460; 1540.1470; 1540.1490; 1540.1500; 1540.1510; 1540.1520; 1540.1530; 1540.1540; 1540.1550; 1540.1560; 1549.1570; 1540.1580; 1540.1590; 1540.1600; 1540.1610; 1540.1620; 1540.1630; 1540.1640; 1540.1650; 1540.1660; 1540.1670; 1540.1680; 1540.1690; 1540.1700; 1540.1710; 1540.1720; 1540.1730; 1540.1740; 1540.1750; 1540.1760; 1540.1770; 1540.1780; 1540.1790; 1540.1800; 1540.1810; 1540.1820; 1540.1830; 1540.1840; 1540.1850; 1540.1860; 1540.1870; 1540.1880; 1540.1890; 1540.1900; 1540.1905; 1540.1910; 1540.1920; 1540.1930; 1540.1940; 1540.1950; 1540.1960; 1540.1970; 1540.1980; 1540.1990; 1540.2000; 1540.2010; 1540.2015; 1540.2020; 1540.2090; 1540.2100; 1540.2110; 1540.2120; 1540.2180; 1540.2190; 1540.2200; 1540.2210; 1540.2220; 1540.2230; 1540.2240; 1540.2250; 1540.2260; 1540.2270; 1540.2280; 1540.2290; 1540.2300; 1540.2310; 1540.2320; 1540.2325; 1540.2330; 1540.2340; 1540.2350; 1540.2360; 1540.2370; 1540.2380; 1540.2390; 1540.2400; 1540.2410; 1540.2420; 1540.2430; 1540.2440; 1540.2450; 1540.2490; 1540.2500; 1540.2510; 1540.2530; 1540.2540; 1540.2550; 1540.2560; 1540.2570; 1540.2580; 1540.2590; 1540.2610; 1540.2630; 1540.2640; 1540.2650; 1540.2660; 1540.2720; 1540.2730; 1540.2740; 1540.2760; 1540.2770; 1540.2780; 1540.2790; 1540.2800; 1540.2810; 1540.2820; 1540.2830; 1540.2840; 1540.3420; 1540.3430; 1540.3440; 1540.3450; 1540.3460; 1540.3470; 1540.3560; 1540.3600; 1540.3610; 1540.3620; 1540.3630; 1540.3700; 1540.3780; 1540.3960; 1540.3970; 1540.3980; 1540.3990; 1540.4000; 1540.4010; 1540.4020; 1540.4030; 1540.4040; 1540.4080; 1540.4190; 1540.4200; 1540.4210; 1540.4220; 1540.4320; 1540.4330; 1540.4340; 2642.0120, subpart 1; 2650.0100; 2650.0200; 2650.0300; 2650.0400; 2650.0500; 2650.0600; 2650.1100; 2650.1200; 2650.1300; 2650.1400; 2650.1500; 2650.1600; 2650.1700; 2650.1800; 2650.1900; 2650.2000; 2650.2100; 2650.3100; 2650.3200; 2650.3300; 2650.3400; 2650.3500; 2650.3600; 2650.3700; 2650.3800; 2650.3900; 2650.4000; 2650.4100; 2655.1000; 2660.0070; 2770.7400; 4610.2210; 7002.0410; 7002.0420; 7002.0430; 7002.0440; 7002.0450; 7002.0460; 7002.0470; 7002.0480; 7002.0490; 7047.0010; 7047.0020; 7047.0030; 7047.0040; 7047.0050; 7047.0060; 7047.0070; 7100.0300; 7100.0310; 7100.0320; 7100.0330; 7100.0335; 7100.0340; 7100.0350; 7510.6100; 7510.6200; 7510.6300; 7510.6350; 7510.6400; 7510.6500; 7510.6600; 7510.6700; 7510.6800; 7510.6900; 7510.6910; 7600.0100; 7600.0200; 7600.0300; 7600.0400; 7600.0500; 7600.0600; 7600.0700; 7600.0800; 7600.0900; 7600.1000; 7600.1100; 7600.1200; 7600.1300; 7600.1400; 7600.1500; 7600.1600; 7600.1700; 7600.1800; 7600.1900; 7600.2000; 7600.2100; 7600.2200; 7600.2300; 7600.2400; 7600.2500; 7600.2600; 7600.2700; 7600.2800; 7600.2900; 7600.3000; 7600.3100; 7600.3200; 7600.3300; 7600.3400; 7600.3500; 7600.3600; 7600.3700; 7600.3800; 7600.3900; 7600.4000; 7600.4100; 7600.4200; 7600.4300; 7600.4400; 7600.4500; 7600.4600; 7600.4700; 7600.4800; 7600.4900; 7600.5000; 7600.5100; 7600.5200; 7600.5300; 7600.5400; 7600.5500; 7600.5600; 7600.5700; 7600.5800; 7600.5900; 7600.6000; 7600.6100; 7600.6200; 7600.6300; 7600.6400; 7600.6500; 7600.6600; 7600.6700; 7600.6800; 7600.6900; 7600.7000; 7600.7100; 7600.7200; 7600.7210; 7600.7300; 7600.7400; 7600.7500; 7600.7600; 7600.7700; 7600.7750; 7600.7800; 7600.7900; 7600.8100; 7600.8200; 7600.8300; 7600.8400; 7600.8500; 7600.8600; 7600.8700; 7600.8800; 7600.8900; 7600.9000; 7600.9100; 7600.9200; 7600.9300; 7600.9400; 7600.9500;

7600.9600; 7600.9700; 7600.9800; 7600.9900; 7625.0100; 7625.0110; 7625.0120; 7625.0200; 7625.0210; 7625.0220; 7625.0230; 8120.1100, subpart 3; 8121.0500, subpart 2; 8130.9912; 8130.9913; 8130.9916; 8130.9920; 8130.9930; 8130.9956; 8130.9958; 8130.9968; 8130.9972; 8130.9980; 8130.9992; 8850.6900; 9540.0100; 9540.0200; 9540.0300; 9540.0400; 9540.0500; 9540.1000; 9540.1100; 9540.1200; 9540.1300; 9540.1400; 9540.1500; 9540.2000; 9540.2100; 9540.2200; 9540.2300; 9540.2400; 9540.2500; 9540.2600; and 9540.2700.

Senate File No. 1246 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 462, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 462: A bill for an act relating to the environment; implementing the transfer of solid waste management duties of the metropolitan council to the office of environmental assistance; providing for the management of waste; providing penalties; amending Minnesota Statutes 1992, section 115A.33, as reenacted; Minnesota Statutes 1994, sections 8.31, subdivision 1; 16B.122, subdivision 3; 115.071, subdivision 1; 115A.055; 115A.07, subdivision 3; 115A.072, subdivisions 1, 3, and 4; 115A.12; 115A.14, subdivision 4; 115A.15, subdivision 9; 115A.191, subdivisions 1 and 2; 115A.32; 115A.411; 115A.42; 115A.45; 115A.46, subdivisions 1 and 5; 115A.55, by adding a subdivision; 115A.5501, subdivisions 2, 3, and 4; 115A.5502; 115A.551, subdivisions 2a, 4, 5, 6, and 7; 115A.554; 115A.557, subdivisions 3 and 4; 115A.558; 115A.63, subdivision 3; 115A.84, subdivision 3; 115A.86, subdivision 2; 115A.919, subdivision 3; 115A.921, subdivision 1; 115A.923, subdivision 1; 115A.9302, subdivisions 1 and 2; 115A.951, subdivision 4; 115A.96, subdivision 2; 115A.965, subdivision 1; 115A.9651, subdivision 3; 115A.97, subdivisions 5 and 6; 115A.981, subdivision 3; 116.07, subdivisions 4a and 4j; 116.072; 116.66, subdivisions 2 and 4; 116.92, subdivision 4; 400.16; 400.161; 473.149, subdivisions 1, 2d, 2e, 3, 4, and 6; 473.151; 473.516, subdivision 2; 473.801, subdivision 1, and by adding subdivisions; 473.8011; 473.803, subdivisions 1, 1c, 2, 2a, 3, 4, and 5; 473.804; 473.811, subdivisions 1, 4a, 5, 5c, 7, and 8; 473.813, subdivision 2; 473.823, subdivisions 3, 5, and 6; 473.843, subdivision 1; 473.844, subdivisions 1a and 4; 473.8441, subdivisions 2, 4, and 5; 473.845, subdivision 4; 473.846; and 473.848, subdivisions 2 and 4; Laws 1994, chapters 585, section 51; and 628, article 3, section 209; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; 116; 325E; and 480; repealing Minnesota Statutes 1994, sections 115A.81, subdivision 3; 115A.90, subdivision 3; 116.94; 383D.71, subdivision 2; 473.149, subdivisions 2, 2a, 2c, 2f, and 5; 473.181, subdivision 4; and 473.803, subdivisions 1b and 1e.

Senate File No. 462 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 127, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 127: A bill for an act relating to state lands; authorizing the conveyance of certain tax-forfeited land that borders public water or natural wetlands in Hennepin county.

Senate File No. 127 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1520, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1520: A bill for an act relating to the environment; extending the notification requirements for landfarming contaminated soil; amending Minnesota Statutes 1994, section 116.07, subdivision 11.

Senate File No. 1520 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 259: A bill for an act relating to insurance; regulating the use of genetic testing by insurers; proposing coding for new law in Minnesota Statutes, chapter 62A.

Senate File No. 259 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

CONCURRENCE AND REPASSAGE

Mr. Merriam moved that the Senate concur in the amendments by the House to S.F. No. 259 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 259: A bill for an act relating to insurance; regulating the use of genetic testing by insurers; proposing coding for new law in Minnesota Statutes, chapter 72A.

Was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 62 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Neuville	Robertson
Beckman	Hanson	Kroening	Novak	Runbeck
Belanger	Hottinger	Laidig	Oliver	Sams
Berg	Janezich	Langseth	Olson	Scheevel
Berglin	Johnson, D.E.	Larson	Ourada	Solon
Bertram	Johnson, D.J.	Lesewski	Pappas	Stevens
Betzold	Johnson, J.B.	Limmer	Pariseau	Stumpf
Chandler	Johnston	Marty	Piper	Terwilliger
Chmielewski	Kelly	Merriam	Pogemiller	Vickerman
Cohen	Kiscaden	Metzen	Price	Wiener
Day	Kleis	Moe, R.D.	Ranum	
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Murphy	Riveness	

Messrs. Lessard and Samuelson voted in the negative.

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1122: A bill for an act relating to the environment; establishing a program for funding response actions to address environmental contamination from drycleaning facilities; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 115B.

Senate File No. 1122 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

CONCURRENCE AND REPASSAGE

Mr. Lessard moved that the Senate concur in the amendments by the House to S.F. No. 1122 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1122 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Neuville	Robertson
Beckman	Hottinger	Laidig	Novak	Runbeck
Belanger	Janezich	Langseth	Oliver	Sams
Berglin	Johnson, D.E.	Larson	Olson	Samuelson
Bertram	Johnson, D.J.	Lesewski	Ourada	Scheevel
Betzold	Johnson, J.B.	Lessard	Pappas	Solon
Chandler	Johnston	Limmer	Pariseau	Stevens
Chmielewski	Kelly	Marty	Piper	Stumpf
Cohen	Kiscaden	Merriam	Pogemiller	Terwilliger
Day	Kleis	Metzen	Price	Vickerman
Dille	Knutson	Moe, R.D.	Ranum	Wiener
Finn	Kramer	Mondale	Reichgott Junge	
Frederickson	Krentz	Morse	Riveness	

So the bill, as amended, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pogemiller moved that the name of Ms. Robertson be added as a co-author to S.F. No. 1441. The motion prevailed.

Mr. Riveness moved that the name of Mr. Knutson be added as a co-author to S.F. No. 1721. The motion prevailed.

Mr. Chandler moved that the name of Mr. Knutson be added as a co-author to S.F. No. 1740. The motion prevailed.

Mr. Finn moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1745. The motion prevailed.

Ms. Runbeck moved that the name of Mr. Limmer be added as a co-author to S.F. No. 1755. The motion prevailed.

Ms. Runbeck moved that the names of Messrs. Kramer and Limmer be added as co-authors to S.F. No. 1760. The motion prevailed.

Mr. Knutson moved that the name of Mr. Limmer be added as a co-author to S.F. No. 1764. The motion prevailed.

Mr. Terwilliger moved that the name of Mr. Cohen be added as a co-author to S.F. No. 1768. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Stumpf moved that the following members be excused for a Conference Committee on H.F. No. 787 at various times during the day:

Messrs. Stumpf, Dille, Stevens, Finn and Bertram. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 673 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 673: A bill for an act relating to insurance; regulating risk-based capital for insurers; enacting the model act of the National Association of Insurance Commissioners; amending Minnesota Statutes 1994, section 13.71, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 60A.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Knutson	Metzen	Riveness
Beckman	Flynn	Kramer	Mondale	Robertson
Belanger	Frederickson	Krentz	Morse	Runbeck
Berg	Hanson	Kroening	Neuville	Sams
Berglin	Hottinger	Laidig	Oliver	Scheevel
Bertram	Janezich	Langseth	Olson	Solon
Betzold	Johnson, D.J.	Larson	Ourada	Spear
Chandler	Johnson, J.B.	Lesewski	Pariseau	Stevens
Chmielewski	Johnston	Lessard	Piper	Stumpf
Cohen	Kelly	Limmer	Pogemiller	Terwilliger
Day	Kiscaden	Marty	Ranum	Vickerman
Dille	Kleis	Merriam	Reichgott Junge	Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 697 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 697: A bill for an act relating to insurance; long-term care; permitting the sale of policies with longer waiting periods with disclosure to the purchaser; amending Minnesota Statutes 1994, sections 62A.48, subdivision 1; and 62A.50, subdivision 3.

Mr. Solon moved to amend H.F. No. 697, as amended pursuant to Rule 49, adopted by the Senate April 12, 1995, as follows:

(The text of the amended House File is identical to S.F. No. 1647.)

Page 2, line 9, after the stricken "90" insert "180" and reinstate the stricken "days" and delete "24 months"

Page 2, lines 11 and 12, reinstate the stricken language

Page 4, lines 21 and 23, delete "MONTHS (OR" and delete ", IF"

Page 4, lines 22 and 24, delete "APPROPRIATE)"

The motion prevailed. So the amendment was adopted.

H.F. No. 697 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 53 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kroening	Neuville	Robertson
Beckman	Frederickson	Laidig	Novak	Runbeck
Berg	Hottinger	Langseth	Oliver	Sams
Bertram	Janezich	Larson	Ourada	Samuelson
Betzold	Johnson, D.J.	Lesewski	Pariseau	Scheevel
Chandler	Johnson, J.B.	Lessard	Piper	Solon
Chmielewski	Johnston	Limmer	Pogemiller	Stevens
Cohen	Kleis	Marty	Price	Stumpf
Day	Knutson	Merriam	Ranum	Terwilliger
Dille	Kramer	Metzen	Reichgott Junge	
Finn	Krentz	Morse	Riveness	

Mses. Berglin and Kiscaden voted in the negative.

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1279 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1279

A bill for an act relating to privacy; providing for the classification of and access to government data; clarifying data provisions; providing for survival of actions under the data practices act; computer matching; eliminating report requirements; imposing penalties; providing for the classification and release of booking photographs; conforming provisions dealing with financial assistance data; limiting the release of copies of videotapes of child abuse victims; requiring a court order in certain cases; amending Minnesota Statutes 1994, sections 13.03, subdivision 6; 13.06, subdivision 6; 13.072, subdivision 1, and by adding a subdivision; 13.08, subdivision 1; 13.10, subdivision 5; 13.31, subdivision 1; 13.32, subdivision 2; 13.43, subdivisions 2, 5, and by adding a subdivision; 13.46, subdivisions 1 and 2; 13.49; 13.50, subdivision 2; 13.551; 13.79; 13.793; 13.82, subdivisions 3a, 5, 6, 10, and by adding a subdivision; 13.83, subdivision 2; 13.89, subdivision 1; 13.90; 13.99, subdivisions 1, 12, 20, 21a, 42a, 54, 55, 64, 78, 79, 112, and by adding subdivisions; 41B.211; 144.0721, subdivision 2; 144.225, by adding a subdivision; 144.335, subdivisions 2 and 3a; 144.3351; 144.651, subdivisions 21 and 26; 253B.03, subdivisions 3 and 4; 260.161, by adding a subdivision; 268.12, subdivision 12; 270B.02, subdivision 3; 270B.03, subdivision 1; 270B.12, subdivision 2; 270B.14, subdivisions 1 and 11; 336.9-407; 336.9-411; 383B.225, subdivision 6; 388.24, subdivision 4; and 401.065, subdivision 3a; Laws 1993, chapter 192, section 110; proposing coding for new law in Minnesota Statutes, chapters 13; 13B; 270B; and 611A; repealing Minnesota Statutes 1994, sections 13.38, subdivision 4; 13.69, subdivision 2; 13.71, subdivisions 9, 10, 11, 12, 13, 14, 15, 16, and 17; 13B.04; and Laws 1990, chapter 566, section 9, as amended.

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1279, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1279 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

DATA PRACTICES

Section 1. Minnesota Statutes 1994, section 13.06, subdivision 7, is amended to read:

Subd. 7. [LEGISLATIVE CONSIDERATION OF TEMPORARY CLASSIFICATIONS; EXPIRATION.] On or before January 15 of each year, the commissioner shall submit all temporary classifications in effect on January 1 in bill form to the legislature. The temporary classification expires June 1 of the year following its submission to the legislature.

Sec. 2. Minnesota Statutes 1994, section 13.072, subdivision 1, is amended to read:

Subdivision 1. [OPINION; WHEN REQUIRED.] (a) Upon request of a state agency, statewide system, or political subdivision, the commissioner may give a written opinion on any question relating to public access to government data, rights of subjects of data, or classification of data under this chapter or other Minnesota statutes governing government data practices. Upon request of any person who disagrees with a determination regarding data practices made by a state agency, statewide system, or political subdivision, the commissioner may give a written opinion regarding the person's rights as a subject of government data or right to have access to government data. If the commissioner determines that no opinion will be issued, the commissioner shall give the state agency, statewide system, political subdivision, or person requesting the opinion notice of the decision not to issue the opinion within five days of receipt of the request. If this notice is not given, the commissioner shall issue an opinion within 20 days of receipt of the request. For good cause and upon written notice to the person requesting the opinion, the commissioner may extend this deadline for one additional 30-day period. The notice must state the reason for extending the deadline. The state agency, statewide system, or political subdivision must be provided a reasonable opportunity to explain the reasons for its decision regarding the data. The commissioner or the state agency, statewide system, or political subdivision may choose to give notice to the subject of the data concerning the dispute regarding the data.

(b) This section does not apply to a ~~question involving the exercise of a discretionary power specifically granted by statute to a responsible authority to withhold or grant access to government data in a manner different than the data's general statutory classification~~ determination made by the commissioner of health under section 13.38, subdivision 2, paragraph (c), or 144.6581.

(c) A written opinion issued by the attorney general shall take precedence over an opinion issued by the commissioner under this section.

Sec. 3. Minnesota Statutes 1994, section 13.072, is amended by adding a subdivision to read:

Subd. 4. [DATA SUBMITTED TO COMMISSIONER.] A state agency, statewide system, or political subdivision may submit not public data to the commissioner for the purpose of requesting or responding to a person's request for an opinion. Government data submitted to the commissioner by a state agency, statewide system, or political subdivision or copies of government data submitted by other persons have the same classification as the data have when held by the state agency, statewide system, or political subdivision. If the nature of the opinion is such that the release of the opinion would reveal not public data, the commissioner may issue an opinion using pseudonyms for individuals. Data maintained by the commissioner, in the record of an opinion issued using pseudonyms that would reveal the identities of individuals protected by the use of the pseudonyms, are private data on individuals.

Sec. 4. Minnesota Statutes 1994, section 13.10, subdivision 5, is amended to read:

Subd. 5. [ADOPTION RECORDS.] Notwithstanding any provision of this chapter, adoption records shall be treated as provided in sections ~~259.21~~ 259.53, 259.61, 259.79, and 259.83 to 259.89.

Sec. 5. Minnesota Statutes 1994, section 13.31, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in this section, "benefit data" means data on individuals collected or created because an individual seeks information about becoming, is, or was an applicant for or a recipient of benefits or services provided under various housing, home ownership, ~~and~~ rehabilitation and community action agency, head start, and food assistance programs administered by state agencies, political subdivisions, or statewide systems. Benefit data does not include welfare data which shall be administered in accordance with section 13.46.

Sec. 6. Minnesota Statutes 1994, section 13.32, subdivision 2, is amended to read:

Subd. 2. [STUDENT HEALTH AND CENSUS DATA.] (a) Health data concerning students, including but not limited to, data concerning immunizations, notations of special physical or mental problems and records of school nurses~~; and pupil census data, including but not limited to, emergency information, family information and data concerning parents shall be considered~~ are educational data. Access by parents to student health data shall be pursuant to section 13.02, subdivision 8.

(b) Pupil census data, including emergency information, family information, and data concerning parents are educational data.

Sec. 7. Minnesota Statutes 1994, section 13.43, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] (a) Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public:

(1) name; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; and the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary;

(2) job title; job description; education and training background; and previous work experience;

(3) date of first and last employment;

(4) the existence and status of any complaints or charges against the employee, ~~whether or not~~ regardless of whether the complaint or charge resulted in a disciplinary action;

(5) the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body;

(6) the terms of any agreement settling any dispute arising out of the employment relationship;

(7) work location; a work telephone number; badge number; and honors and awards received; and

(8) payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data; and city and county of residence.

(b) For purposes of this subdivision, a final disposition occurs when the state agency, statewide system, or political subdivision makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time

provided by the collective bargaining agreement. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the state agency, statewide system, political subdivision, or arbitrator.

(c) The state agency, statewide system, or political subdivision may display a photograph of a current or former employee to a prospective witness as part of the state agency's, statewide system's, or political subdivision's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a state agency, statewide system, or political subdivision in connection with a complaint or charge against an employee.

(e) Notwithstanding paragraph (a), clause (5), upon completion of an investigation of a complaint or charge against a public official, or if a public official resigns or is terminated from employment while the complaint or charge is pending, all data relating to the complaint or charge are public, unless access to the data would jeopardize an active investigation or reveal confidential sources. For purposes of this paragraph, "public official" means the head of a state agency and deputy and assistant state agency heads.

Sec. 8. Minnesota Statutes 1994, section 13.43, subdivision 5, is amended to read:

Subd. 5. [UNDERCOVER LAW ENFORCEMENT OFFICER.] All personnel data maintained by any state agency, statewide system or political subdivision relating to an individual employed as or an applicant for employment as an undercover law enforcement officer ~~is~~ are private data on individuals. When the individual is no longer assigned to an undercover position, the data described in subdivisions 2 and 3 become public unless the law enforcement agency determines that revealing the data would threaten the personal safety of the officer or jeopardize an active investigation.

Sec. 9. Minnesota Statutes 1994, section 13.43, is amended by adding a subdivision to read:

Subd. 9. [PEER COUNSELING DEBRIEFING DATA.] (a) Data acquired by a peer group member in a public safety peer counseling debriefing is private data on the person being debriefed.

(b) For purposes of this subdivision, "public safety peer counseling debriefing" means a group process oriented debriefing session held for peace officers, firefighters, medical emergency persons, dispatchers, or other persons involved with public safety emergency services, that is established by any agency providing public safety emergency services and is designed to help a person who has suffered an occupation-related traumatic event begin the process of healing and effectively dealing with posttraumatic stress.

Sec. 10. Minnesota Statutes 1994, section 13.46, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "Individual" means an individual pursuant to section 13.02, subdivision 8, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system pursuant to statute or federal law, including, but not limited to, aid to families with dependent children, medical assistance, general assistance, work readiness, ~~and~~ general assistance medical care, and child support collections.

(c) "Welfare system" includes the department of human services, local social services agencies, county welfare agencies, the public authority responsible for child support enforcement, human services boards, community mental health center boards, state hospitals, state nursing homes, the ombudsman for mental health and mental retardation, and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

(d) "Mental health data" means data on individual clients and patients of community mental health centers, established under section 245.62, mental health divisions of counties and other providers under contract to deliver mental health services, or the ombudsman for mental health and mental retardation.

(e) "Fugitive felon" means a person who has been convicted of a felony and who has escaped from confinement or violated the terms of probation or parole for that offense.

Sec. 11. Minnesota Statutes 1994, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) pursuant to section 13.05;

(2) pursuant to court order;

(3) pursuant to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax;

(9) to the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential ~~facilities~~ programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education coordinating board to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children may be disclosed to law enforcement officers who provide the name and social security number of the recipient and satisfactorily demonstrate that: (i) the recipient is a fugitive felon, including the grounds for this determination; (ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and (iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance, work readiness, or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient, and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the food stamp act, in accordance with Code of Federal Regulations, title 7, section 272.1(c); ~~or~~

(18) data on a child support obligor who is in arrears may be disclosed for purposes of publishing the data pursuant to section 518.575; or

(19) data on child support payments made by a child support obligor may be disclosed to the obligee.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed in accordance with the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), or (17), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 12. Minnesota Statutes 1994, section 13.46, subdivision 10, is amended to read:

Subd. 10. [RESPONSIBLE AUTHORITY.] (a) Notwithstanding any other provision of this chapter to the contrary, the responsible authority for each component of the welfare system listed in subdivision 1, clause (c), shall be as follows:

(1) the responsible authority for the department of human services, state hospitals, and nursing homes is the commissioner of the department of human services;

(2) the responsible authority of a county welfare agency is the director of the county welfare agency;

(3) the responsible authority for a local social services agency, human services board, or community mental health center board is the chair of the board; ~~and~~

(4) the responsible authority of any person, agency, institution, organization, or other entity under contract to any of the components of the welfare system listed in subdivision 1, clause (c), is the person specified in the contract; and

(5) the responsible authority of the public authority for child support enforcement is the head of the public authority for child support enforcement.

(b) A responsible authority shall allow another responsible authority in the welfare system access to data classified as not public data when access is necessary for the administration and management of programs, or as authorized or required by statute or federal law.

Sec. 13. Minnesota Statutes 1994, section 13.49, is amended to read:

13.49 [SOCIAL SECURITY NUMBERS.]

Subdivision 1. [GENERAL.] The social security numbers of individuals collected or maintained by a state agency, statewide system, or political subdivision are private data on individuals, except to the extent that access to the social security number is specifically authorized by law.

Subd. 2. [COUNTY RECORDER OR REGISTRAR OF TITLES.] Subdivision 1 does not

apply to social security numbers that appear in documents or records filed or recorded with the county recorder or registrar of titles, other than documents filed under section 600.23.

Sec. 14. Minnesota Statutes 1994, section 13.50, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] The data made confidential or protected nonpublic by the provisions of subdivision 1 shall become public upon the occurrence of any of the following:

(a) The negotiating parties exchange appraisals;

(b) The data are submitted to a court appointed condemnation commissioner;

(c) The data are presented in court in condemnation proceedings; or

(d) The negotiating parties enter into an agreement for the purchase and sale of the property.

Sec. 15. Minnesota Statutes 1994, section 13.551, is amended to read:

13.551 [~~CLASSIFICATION OF SAINT PAUL~~ PORT AUTHORITY DATA.]

Subdivision 1. [SAINT PAUL PORT AUTHORITY.] The following data not on individuals collected and maintained by the Saint Paul port authority are classified as protected nonpublic, until 30 days before the date of a hearing on a proposed sale pursuant to section 469.065: financial studies and reports that are part of appraisers' estimates of value of or concerning projects as defined in chapter 474, prepared by personnel of the port authority or independent accountants, consultants, and appraisers for the purpose of marketing by sale or lease a project which the port authority has acquired or repossessed as the result of the default under and the termination of a revenue agreement as defined in chapter 474.

Subd. 2. [RED WING PORT AUTHORITY.] Data maintained by the Red Wing port authority that pertain to negotiations with property owners regarding the purchase of property are nonpublic data not on individuals. With the exception of the authority's evaluation of properties not purchased, all other negotiation data become public at the time of the closing of the property sale.

Sec. 16. [13.646] [LEGISLATIVE AND BUDGET PROPOSAL DATA.]

Subdivision 1. [DEFINITION.] As used in this section, "state administration" means the governor's office, the department of finance, and any state agency that is under the direct control of the governor.

Subd. 2. [CLASSIFICATIONS.] Legislative and budget proposals, including preliminary drafts, that are created, collected, or maintained by the state administration are protected nonpublic data. After the budget is presented to the legislature by the state administration, supporting data, including agency requests, are public data. Supporting data do not include preliminary drafts. The state administration may disclose any of the data within the state administration and to the public at any time if disclosure would aid the administration in considering and preparing its proposals.

Sec. 17. Minnesota Statutes 1994, section 13.79, is amended to read:

13.79 [DEPARTMENT OF LABOR AND INDUSTRY DATA.]

Data that identify complaining employees and that appear on complaint forms received by the department of labor and industry concerning alleged violations of the fair labor standards act ~~or~~, section 181.75 or 181.9641 are classified as private data.

Sec. 18. Minnesota Statutes 1994, section 13.793, is amended to read:

13.793 [NATURAL RESOURCES MINERAL DATA.]

Subdivision 1. [NONPUBLIC DATA.] Except as provided in subdivision 2, the following data received and maintained by the commissioner of natural resources are nonpublic data:

(1) a letter or other documentation from a person that is supplied to the commissioner before a public lease sale of metallic or other minerals for the purpose of making suggestions or recommendations about which state lands may be offered for public lease sale; ~~or~~

(2) a written report or other documentation of private analyses of a state-owned or controlled drill core that is public data and is under the custody of the commissioner; or

(3) exploration data received by the commissioner under the terms of a state mineral lease.

Subd. 2. [DATA BECOME PUBLIC.] (a) Data under subdivision 1, clause (1), become public data three years after the date the lease sale was held or, if not held, within three years after the date the lease sale was scheduled to be held. Except as provided in paragraph (b), data under subdivision 1, clause (2), become public data one year after receipt by the commissioner. Except as provided in paragraph (c) or as otherwise provided for by law, data under subdivision 1, clause (3), become public data upon termination of the state mineral lease under which the data were gathered.

(b) If data under subdivision 1, clause (2), relate to private land that is under mineral lease to the person submitting the data, and the mineral lease is in force at the time the data are submitted, the data become public data only after the mineral lease is no longer in force. The person submitting the data that relate to private land that is under mineral lease shall provide to the commissioner at the time the data are submitted and annually thereafter, in a format designated by the commissioner, satisfactory evidence that the mineral lease is in effect. If, in a given year, satisfactory evidence that the mineral lease is still in effect is not provided to the commissioner before the anniversary date of receipt of the data by the commissioner, the data immediately become public data.

(c) If data under subdivision 1, clause (3), are nonpublic data under the provisions of section 103I.605, subdivision 4, clause (c), the data become public data pursuant to the provisions of section 103I.605, subdivision 4, clauses (c) and (d).

Sec. 19. Minnesota Statutes 1994, section 13.82, subdivision 3a, is amended to read:

Subd. 3a. [AUDIO RECORDING OF 911 CALL.] The audio recording of a call placed to a 911 system for the purpose of requesting service from a law enforcement, fire, or medical agency is private data on individuals with respect to the individual making the call, except that a written transcript of the audio recording is public, unless it reveals the identity of an individual otherwise protected under subdivision 10. A transcript shall be prepared upon request. The person requesting the transcript shall pay the actual cost of transcribing the call, in addition to any other applicable costs provided under section 13.03, subdivision 3. The audio recording may be disseminated to law enforcement agencies for investigative purposes. The audio recording may be used for public safety ~~dispatcher~~ and emergency medical services training purposes.

Sec. 20. Minnesota Statutes 1994, section 13.82, subdivision 5, is amended to read:

Subd. 5. [CRIMINAL INVESTIGATIVE DATA ~~COLLECTION~~.] Except for the data defined in subdivisions 2, 3, and 4, investigative data collected or created by a law enforcement agency in order to prepare a case against a person, whether known or unknown, for the commission of a crime or ~~civil wrong~~ other offense for which the agency has primary investigative responsibility is confidential or protected nonpublic while the investigation is active. Inactive investigative data is public unless the release of the data would jeopardize another ongoing investigation or would reveal the identity of individuals protected under subdivision 10. Photographs which are part of inactive investigative files and which are clearly offensive to common sensibilities are classified as private or nonpublic data, provided that the existence of the photographs shall be disclosed to any person requesting access to the inactive investigative file. An investigation becomes inactive upon the occurrence of any of the following events:

(a) a decision by the agency or appropriate prosecutorial authority not to pursue the case;

(b) expiration of the time to bring a charge or file a complaint under the applicable statute of limitations, or 30 years after the commission of the offense, whichever comes earliest; or

(c) exhaustion of or expiration of all rights of appeal by a person convicted on the basis of the investigative data.

Any investigative data presented as evidence in court shall be public. Data determined to be inactive under clause (a) may become active if the agency or appropriate prosecutorial authority decides to renew the investigation.

During the time when an investigation is active, any person may bring an action in the district court located in the county where the data is being maintained to authorize disclosure of investigative data. The court may order that all or part of the data relating to a particular investigation be released to the public or to the person bringing the action. In making the determination as to whether investigative data shall be disclosed, the court shall consider whether the benefit to the person bringing the action or to the public outweighs any harm to the public, to the agency or to any person identified in the data. The data in dispute shall be examined by the court in camera.

Sec. 21. Minnesota Statutes 1994, section 13.82, is amended by adding a subdivision to read:

Subd. 5c. [NAME CHANGE DATA.] Data on court records relating to name changes under section 259.10, subdivision 2, which is held by a law enforcement agency is confidential data on an individual while an investigation is active and is private data on an individual when the investigation becomes inactive.

Sec. 22. Minnesota Statutes 1994, section 13.82, subdivision 10, is amended to read:

Subd. 10. [PROTECTION OF IDENTITIES.] A law enforcement agency or a law enforcement dispatching agency working under direction of a law enforcement agency ~~may~~ shall withhold public access to data on individuals to protect the identity of individuals in the following circumstances:

(a) when access to the data would reveal the identity of an undercover law enforcement officer, as provided in section 13.43, subdivision 5;

(b) when access to the data would reveal the identity of a victim or alleged victim of criminal sexual conduct or of a violation of section 617.246, subdivision 2;

(c) when access to the data would reveal the identity of a paid or unpaid informant being used by the agency if the agency reasonably determines that revealing the identity of the informant would threaten the personal safety of the informant;

(d) when access to the data would reveal the identity of a victim of or witness to a crime if the victim or witness specifically requests not to be identified publicly, ~~and~~ unless the agency reasonably determines that revealing the identity of the victim or witness would not threaten the personal safety or property of the individual;

(e) when access to the data would reveal the identity of a deceased person whose body was unlawfully removed from a cemetery in which it was interred;

(f) when access to the data would reveal the identity of a person who placed a call to a 911 system or the identity or telephone number of a service subscriber whose phone is used to place a call to the 911 system and: (1) the agency determines that revealing the identity may threaten the personal safety or property of any person; or (2) the object of the call is to receive help in a mental health emergency. For the purposes of this paragraph, a voice recording of a call placed to the 911 system is deemed to reveal the identity of the caller; or

(g) when access to the data would reveal the identity of a juvenile witness and the agency reasonably determines that the subject matter of the investigation justifies protecting the identity of the witness.

Data concerning individuals whose identities are protected by this subdivision are private data about those individuals. Law enforcement agencies shall establish procedures to acquire the data and make the decisions necessary to protect the identity of individuals described in clauses (c), (d), (f), and (g).

Sec. 23. Minnesota Statutes 1994, section 13.82, is amended by adding a subdivision to read:

Subd. 17. [BOOKING PHOTOGRAPHS.] (a) For purposes of this subdivision, "booking photograph" means a photograph or electronically produced image taken by law enforcement for identification purposes in connection with the arrest of a person.

(b) Except as otherwise provided in this subdivision, a booking photograph is public data. A law enforcement agency may temporarily withhold access to a booking photograph if the agency determines that access will adversely affect an active investigation.

Sec. 24. Minnesota Statutes 1994, section 13.83, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] Unless specifically classified otherwise by state statute or federal law, the following data created or collected by a medical examiner or coroner on a deceased individual is public: name of the deceased; date of birth; date of death; address; sex; race; citizenship; height; weight; hair color; eye color; build; complexion; age, if known, or approximate age; identifying marks, scars and amputations; a description of the decedent's clothing; marital status; location of death including name of hospital where applicable; name of spouse; whether or not the decedent ever served in the armed forces of the United States; ~~social security number;~~ occupation; business; father's name (also birth name, if different); mother's name (also birth name, if different); birthplace; birthplace of parents; cause of death; causes of cause of death; whether an autopsy was performed and if so, whether it was conclusive; date and place of injury, if applicable, including work place; how injury occurred; whether death was caused by accident, suicide, homicide, or was of undetermined cause; certification of attendance by physician; physician's name and address; certification by coroner or medical examiner; name and signature of coroner or medical examiner; type of disposition of body; burial place name and location, if applicable; date of burial, cremation or removal; funeral home name and address; and name of local register or funeral director.

Sec. 25. Minnesota Statutes 1994, section 13.89, subdivision 1, is amended to read:

Subdivision 1. [MENTAL RETARDATION.] Data on clients and residents of facilities or programs licensed pursuant to sections 144.50 to 144.58, 245A.01 to 245A.16, and 252.28, subdivision 2, may be disseminated to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities or programs for these persons if:

(1) the protection and advocacy system receives a complaint by or on behalf of that person; and

(2) the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person.

Sec. 26. Minnesota Statutes 1994, section 13.90, is amended to read:

13.90 [~~GOVERNMENT DATA PRACTICES~~ JUDICIARY EXEMPT.]

Subdivision 1. [DEFINITION.] For purposes of this section, "judiciary" means any office, officer, department, division, board, commission, committee, or agency of the courts of this state, whether or not of record, including but not limited to the board of law examiners, the lawyer's professional responsibility board, the board of judicial standards, the lawyer's trust account board, the state law library, the state court administrator's office, the district court administrator's office, and the office of the court administrator.

Subd. 2. [~~APPLICATION~~ EXEMPTION.] ~~The judiciary shall be governed by this chapter until August 1, 1987, or until the implementation of rules adopted by the supreme court regarding access to data, whichever comes first. Any data made a part of a criminal or civil case shall not be governed by this chapter at any time.~~ The judiciary is not governed by this chapter. Access to data of the judiciary is governed by rules adopted by the supreme court.

Sec. 27. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 76a. [NAME CHANGES OF PROTECTED WITNESSES AND VICTIMS.] Court records of name changes of participants in a witness and victim protection program are governed by section 259.10, subdivision 2.

Sec. 28. [13B.05] [REMEDIES.]

The remedies and penalties in sections 13.08 and 13.09 apply to this chapter.

Sec. 29. Minnesota Statutes 1994, section 41B.211, is amended to read:

41B.211 [DATA PRIVACY.]

Subdivision 1. [DATA ON INDIVIDUALS.] Financial information, including credit reports, financial statements, and net worth calculations, received or prepared by the authority regarding any authority loan and the name of each individual who is the recipient of a loan are private data on individuals, under chapter 13, except that information obtained under the agricultural development bond program in sections 41C.01 to 41C.13 may be released as required by federal tax law.

Subd. 2. [DATA NOT ON INDIVIDUALS.] The following data submitted to the authority by businesses that are requesting financial assistance are nonpublic data as defined in section 13.02: financial information about the applicant, including credit reports, financial statements, net worth calculations, business plans, income and expense projections, customer lists, market and feasibility studies not paid for with public funds, tax returns, and financial reports provided to the authority after closing of the financial assistance.

Sec. 30. Minnesota Statutes 1994, section 128C.17, is amended to read:

128C.17 [LEAGUE IS SUBJECT TO DATA PRACTICES ACT.]

The collection, creation, receipt, maintenance, dissemination, or use of information by the state high school league is subject to chapter 13. The league must make data relating to its eligibility determinations available to the public in the form of summary data, with all personal identifiers removed.

Sec. 31. Minnesota Statutes 1994, section 144.0721, subdivision 2, is amended to read:

Subd. 2. [ACCESS TO DATA.] With the exception of summary data, data on individuals that is collected, maintained, used, or disseminated by the commissioner of health under subdivision 1 is private data on individuals and shall not be disclosed to others except:

(1) under section 13.05;

(2) under a valid court order;

(3) to the nursing home or boarding care home in which the individual resided at the time the assessment was completed; ~~or~~

(4) to the commissioner of human services; or

(5) to county home care staff for the purpose of assisting the individual to be discharged from a nursing home or boarding care home and returned to the community.

Sec. 32. Minnesota Statutes 1994, section 144.218, subdivision 4, is amended to read:

Subd. 4. [INCOMPLETE ~~AND~~, INCORRECT, AND MODIFIED CERTIFICATES.] If a court finds that a birth certificate is incomplete, inaccurate or false, or if it is being issued pursuant to section 259.10, subdivision 2, it may order the registration of a new certificate, and ~~shall~~, if necessary, set forth the correct information in the order. Upon receipt of the order the state registrar shall register a new certificate containing the findings of the court, and the prior certificate shall be confidential pursuant to section 13.02, subdivision 3, and shall not be disclosed except pursuant to court order.

Sec. 33. Minnesota Statutes 1994, section 144.225, is amended by adding a subdivision to read:

Subd. 2a. [HEALTH DATA ASSOCIATED WITH BIRTH REGISTRATION.] Information from which an identification of risk for disease, disability, or developmental delay in a mother or child can be made, that is collected in conjunction with birth registration or fetal death reporting, is private data as defined in section 13.02, subdivision 12. The commissioner may disclose to a local board of health, as defined in section 145A.02, subdivision 2, health data associated with birth registration which identifies a mother or child at high risk for serious disease, disability, or developmental delay in order to assure access to appropriate health, social, or educational services.

Sec. 34. Minnesota Statutes 1994, section 144.335, subdivision 3a, is amended to read:

Subd. 3a. [PATIENT CONSENT TO RELEASE OF RECORDS; LIABILITY.] (a) A provider, or a person who receives health records from a provider, may not release a patient's health records to a person without a signed and dated consent from the patient or the patient's legally authorized representative authorizing the release, unless the release is specifically authorized by law. Except as provided in paragraph (c), a consent is valid for one year or for a lesser period specified in the consent or for a different period provided by law.

(b) This subdivision does not prohibit the release of health records:

(1) for a medical emergency when the provider is unable to obtain the patient's consent due to the patient's condition or the nature of the medical emergency; or

(2) to other providers within related health care entities when necessary for the current treatment of the patient.

(c) Notwithstanding paragraph (a), if a patient explicitly gives informed consent to the release of health records for the purposes and pursuant to the restrictions in clauses (1) and (2), the consent does not expire after one year for:

(1) the release of health records to a provider who is being advised or consulted with in connection with the current treatment of the patient;

(2) the release of health records to an accident and health insurer, health service plan corporation, health maintenance organization, or third-party administrator for purposes of payment of claims, fraud investigation, or quality of care review and studies, provided that:

(i) the use or release of the records complies with sections 72A.49 to 72A.505;

(ii) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited; and

(iii) the recipient establishes adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient.

(d) Until June 1, 1996, paragraph (a) does not prohibit the release of health records to qualified personnel solely for purposes of medical or scientific research, if the patient has not objected to a release for research purposes and the provider who releases the records makes a reasonable effort to determine that:

(i) the use or disclosure does not violate any limitations under which the record was collected;

(ii) the use or disclosure in individually identifiable form is necessary to accomplish the research or statistical purpose for which the use or disclosure is to be made;

(iii) the recipient has established and maintains adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient; and

(iv) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited.

(e) A person who negligently or intentionally releases a health record in violation of this subdivision, or who forges a signature on a consent form, or who obtains under false pretenses the consent form or health records of another person, or who, without the person's consent, alters a consent form, is liable to the patient for compensatory damages caused by an unauthorized release, plus costs and reasonable attorney's fees.

(f) Upon the written request of a spouse, parent, child, or sibling of a patient being evaluated for or diagnosed with mental illness, a provider shall inquire of a patient whether the patient wishes to authorize a specific individual to receive information regarding the patient's current and proposed course of treatment. If the patient so authorizes, the provider shall communicate to the

designated individual the patient's current and proposed course of treatment. Paragraph (a) applies to consents given under this paragraph.

Sec. 35. Minnesota Statutes 1994, section 144.3351, is amended to read:

144.3351 [IMMUNIZATION DATA.]

Providers as defined in section 144.335, subdivision 1, group purchasers as defined in section 62J.03, subdivision 6, elementary or secondary schools or child care facilities as defined in section 123.70, subdivision 9, public or private post-secondary educational institutions as defined in section 135A.14, subdivision 1, paragraph (b), a board of health as defined in section 145A.02, subdivision 2, community action agencies as defined in section 268.53, subdivision 1, and the commissioner of health may exchange immunization data with one another, without the patient's consent, ~~on the date and type of immunizations administered to a patient, regardless of the date of immunization,~~ if the person requesting access provides services on behalf of the patient. For purposes of this section immunization data includes:

(1) patient's name, address, date of birth, gender, parent or guardian's name; and

(2) date vaccine was received, vaccine type, lot number, and manufacturer of all immunizations received by the patient, and whether there is a contraindication or an adverse reaction indication.

This section applies to all immunization data, regardless of when the immunization occurred.

Sec. 36. Minnesota Statutes 1994, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. [FILING PHOTOGRAPHS OR IMAGES; DATA CLASSIFICATION.] The department shall file, or contract to file, all photographs or electronically produced images obtained in the process of issuing driver licenses or Minnesota identification cards. The photographs or electronically produced images shall be private data pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department shall not be required to provide copies of photographs or electronically produced images to data subjects. The use of the files is restricted:

(1) to the issuance and control of driver licenses;

(2) for law enforcement purposes in the investigation and prosecution of ~~felonies and violations of section 169.09; 169.121; 169.123; 169.129; 171.22; 171.24; 171.30; 609.41; 609.487, subdivision 3; 609.631, subdivision 4, clause (3); 609.821, subdivision 3, clauses (1), item (iv), and (3); or 617.23~~ crimes; and

(3) for child support enforcement purposes under section 256.978.

Sec. 37. Minnesota Statutes 1994, section 171.12, subdivision 3, is amended to read:

Subd. 3. [APPLICATIONS AND RECORDS, WHEN DESTROYED.] The department may cause applications for drivers' licenses and instruction permits, and related records, to be destroyed immediately after the period for which issued, except that:

(1) the driver's record pertaining to revocations, suspensions, cancellations, disqualifications, convictions, and accidents shall be cumulative and kept for a period of at least five years; and

(2) the driver's record pertaining to the alcohol-related offenses and licensing actions listed in section 169.121, subdivision 3, and to violations of sections 169.1211 and 171.24, subdivision 5, shall be cumulative and kept for a period of at least 15 years.

Sec. 38. [181.973] [EMPLOYEE PEER COUNSELING DEBRIEFING.]

A person engaged in a public safety peer counseling debriefing shall not, without the permission of the person being debriefed, be allowed to disclose any information or opinion which the peer group member has acquired during the debriefing. However, this does not prohibit a peer counselor from disclosing information the peer counselor reasonably believes indicates that the person may be a danger to self or others, if the information is used only for the purpose of eliminating the danger to the person or others. Any information or opinion disclosed in violation

of this paragraph is not admissible as evidence in any personnel or occupational licensing matter involving the person being debriefed.

For purposes of this paragraph, "public safety peer counseling debriefing" means a group process oriented debriefing session held for peace officers, firefighters, medical emergency persons, dispatchers, or other persons involved with public safety emergency services, that is established by any agency providing public safety emergency services and is designed to help a person who has suffered an occupation-related traumatic event begin the process of healing and effectively dealing with posttraumatic stress.

Sec. 39. Minnesota Statutes 1994, section 259.10, is amended to read:

259.10 [~~PROCEDURE~~ GENERAL REQUIREMENTS.]

Subdivision 1. [PROCEDURE.] A person who shall have resided in this state for six months may apply to the district court in the county where the person resides to change the person's name, the names of minor children, if any, and the name of a spouse, if the spouse joins in the application, in the manner herein specified. The person shall state in the application the name and age of the spouse and each of the children, if any, and shall describe all lands in the state in or upon which the person, the children and the spouse if their names are also to be changed by the application, claim any interest or lien, and shall appear personally before the court and prove identity by at least two witnesses. If the person be a minor, the application shall be made by the person's guardian or next of kin. The court shall accept the certificate of dissolution prepared pursuant to section 518.148 as conclusive evidence of the facts recited in the certificate and may not require the person to provide the court a copy of the judgment and decree of dissolution. Every person who, with intent to defraud, shall make a false statement in any such application shall be guilty of a misdemeanor provided, however, that no minor child's name may be changed without both parents having notice of the pending of the application for change of name, whenever practicable, as determined by the court.

Subd. 2. [WITNESS AND VICTIM PROTECTION NAME CHANGES; PRIVATE DATA.] If the court determines that the name change for an individual is made in connection with the individual's participation in a witness and victim protection program, the court shall order that the court records of the name change are not accessible to the public; except that they may be released, upon request, to a law enforcement agency, probation officer, or corrections agent conducting a lawful investigation. The existence of an application for a name change described in this subdivision may not be disclosed except to a law enforcement agency conducting a lawful investigation.

Sec. 40. Minnesota Statutes 1994, section 268.0122, is amended by adding a subdivision to read:

Subd. 6. [CLASSIFICATION OF DATA ON INDIVIDUALS.] Data collected on individuals pursuant to a program operated by the commissioner are private data on individuals as defined in section 13.02, subdivision 12, unless more restrictively classified by law.

Sec. 41. Minnesota Statutes 1994, section 268.0124, is amended to read:

268.0124 [PLAIN LANGUAGE IN WRITTEN MATERIALS.]

(a) To the extent reasonable and consistent with the goals of providing easily understandable and readable materials and complying with federal and state laws governing the programs, all written materials relating to services and determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under a program administered or supervised by the commissioner of economic security must be understandable to a person ~~who reads at the seventh grade level, using the Flesch scale analysis readability score as determined under section 72C.09~~ of average intelligence and education.

(b) All written materials relating to determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under programs administered or supervised by the commissioner of economic security must be developed to satisfy the plain language requirements of the plain language contract act under sections 325G.29 to 325G.36.

Materials may be submitted to the attorney general for review and certification. Notwithstanding section 325G.35, subdivision 1, the attorney general shall review submitted materials to determine whether they comply with the requirements of section 325G.31. The remedies available pursuant to sections 8.31 and 325G.33 to 325G.36 do not apply to these materials. Failure to comply with this section does not provide a basis for suspending the implementation or operation of other laws governing programs administered by the commissioner.

(c) The requirements of this section apply to all materials modified or developed by the commissioner on or after July 1, 1988. The requirements of this section do not apply to materials that must be submitted to a federal agency for approval, to the extent that application of the requirements prevents federal approval.

(d) Nothing in this section may be construed to prohibit a lawsuit brought to require the commissioner to comply with this section or to affect individual appeal rights granted pursuant to section 268.10.

(e) The commissioner shall report annually to the chairs of the health and human services divisions of the senate finance committee and the house of representatives appropriations committee on the number and outcome of cases that raise the issue of the commissioner's compliance with this section.

Sec. 42. Minnesota Statutes 1994, section 270B.02, subdivision 3, is amended to read:

Subd. 3. [CONFIDENTIAL DATA ON INDIVIDUALS; PROTECTED NONPUBLIC DATA.] (a) Except as provided in paragraph (b), ~~names~~ the name or existence of ~~informers~~ an informer, informer letters, and other unsolicited data, in whatever form, given to the department of revenue by a person, other than the data subject, who informs that a specific taxpayer is not or may not be in compliance with tax laws, or nontax laws administered by the department of revenue, are confidential data on individuals or protected nonpublic data as defined in section 13.02, subdivisions 3 and 13.

(b) Data under paragraph (a) may be disclosed with the consent of the informer or upon a written finding by a court that the information provided by the informer was false and that there is evidence that the information was provided in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the rules of criminal procedure.

Sec. 43. Minnesota Statutes 1994, section 270B.03, subdivision 1, is amended to read:

Subdivision 1. [WHO MAY INSPECT.] Returns and return information must, on written request, be made open to inspection by or disclosure to the data subject. For purposes of this chapter, the following are the data subject:

(1) in the case of an individual return, that individual;

(2) in the case of an income tax return filed jointly, either of the individuals with respect to whom the return is filed;

(3) in the case of a partnership return, any person who was a member of the partnership during any part of the period covered by the return;

(4) in the case of the return of a corporation or its subsidiary:

(i) any person designated by resolution of the board of directors or other similar governing body;

(ii) any officer or employee of the corporation upon written request signed by any officer and attested to by the secretary or another officer;

(iii) any bona fide shareholder of record owning one percent or more of the outstanding stock of the corporation;

(iv) if the corporation is a corporation that has made an election under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1988, any person who was a

shareholder during any part of the period covered by the return during which an election was in effect; or

(v) if the corporation has been dissolved, any person authorized by state law to act for the corporation or any person who would have been authorized if the corporation had not been dissolved;

(5) in the case of an estate return:

(i) the personal representative or trustee of the estate; and

(ii) any heir at law, next of kin, or beneficiary of the estate, but only if the commissioner finds that the heir at law, next of kin, or beneficiary has a material interest that will be affected by information contained in the return;

(6) in the case of a trust return:

(i) the trustee or trustees, jointly or separately; and

(ii) any beneficiary of the trust, but only if the commissioner finds that the beneficiary has a material interest that will be affected by information contained in the return;

(7) if liability has been assessed to a transferee under section 289A.31, subdivision 3, the transferee is the data subject with regard to the returns and return information relating to the assessed liability; ~~and~~

(8) in the case of an Indian tribal government or an Indian tribal government-owned entity,

(i) the chair of the tribal government, or

(ii) any person authorized by the tribal government; and

(9) in the case of a successor as defined in section 270.102, subdivision 1, paragraph (b), the successor is the data subject and information may be disclosed as provided by section 270.102, subdivision 4.

Sec. 44. [270B.085] [DISCLOSURES IN COLLECTION ACTIONS.]

Subdivision 1. [SEIZURE INFORMATION.] Following the execution of a writ of entry under section 270.70, the commissioner may disclose information identifying the individual or business subject to the writ, the basis for the writ, and the results of the execution, including lists of property seized.

Subd. 2. [LIEN PAYOFF INFORMATION.] The commissioner may disclose the outstanding obligation secured by a lien filed under section 270.69, subdivision 2.

Sec. 45. Minnesota Statutes 1994, section 270B.12, subdivision 2, is amended to read:

Subd. 2. [~~MUNICIPALITIES~~ LOCAL UNITS OF GOVERNMENT.] Sales ~~and~~ or use tax returns and return information are open to inspection by or disclosure to the taxing officials of any ~~municipality~~ local unit of government of the state of Minnesota that has a local sales or use tax, for the purpose of and to the extent necessary for the administration of the local sales ~~and~~ or use tax.

Sec. 46. Minnesota Statutes 1994, section 270B.14, subdivision 1, as amended by Laws 1995, chapter 38, section 1, is amended to read:

Subdivision 1. [DISCLOSURE TO COMMISSIONER OF HUMAN SERVICES.] (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the social security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.711, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law Number 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Health Care Financing Administration section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

Sec. 47. Minnesota Statutes 1994, section 270B.14, subdivision 11, is amended to read:

Subd. 11. [DISCLOSURE TO COMMISSIONER OF HEALTH.] (a) On the request of the commissioner of health, the commissioner may disclose return information to the extent provided in paragraph (b) and for the purposes provided in paragraph (c).

(b) Data that may be disclosed are limited to the taxpayer's identity, as defined in section 270B.01, subdivision 5.

(c) The commissioner of health may request data only for the purposes of carrying out epidemiologic investigations, which includes conducting occupational health and safety surveillance, and locating and notifying individuals exposed to health hazards as a result of employment. Requests for data by the commissioner of health must be in writing and state the purpose of the request. Data received may be used only for the purposes of section 144.0525.

(d) The commissioner may disclose health care service revenue data to the commissioner of health as provided by section 62J.41, subdivision 2.

Sec. 48. [270B.161] [DATA AND INFORMATION ON MINE VALUE OF ORE.]

Data collected from taxpayers and maintained by the commissioner for the purpose of determining the mine value of ore under section 298.01 are nonpublic data as defined in section 13.02, subdivision 9.

Sec. 49. Minnesota Statutes 1994, section 299C.11, is amended to read:

299C.11 [IDENTIFICATION DATA FURNISHED TO BUREAU.]

The sheriff of each county and the chief of police of each city of the first, second, and third classes shall furnish the bureau, upon such form as the superintendent shall prescribe, with such finger and thumb prints, photographs, distinctive physical mark identification data, and other identification data as may be requested or required by the superintendent of the bureau, which may be taken under the provisions of section 299C.10, of persons who shall be convicted of a felony, gross misdemeanor, or who shall be found to have been convicted of a felony or gross misdemeanor, within ten years next preceding their arrest. Upon the determination of all pending criminal actions or proceedings in favor of the arrested person, the arrested person shall, upon demand, have all such finger and thumb prints, photographs, distinctive physical mark identification data, and other identification data, and all copies and duplicates thereof, returned,

provided it is not established that the arrested person has been convicted of any felony, either within or without the state, within the period of ten years immediately preceding such determination.

For purposes of this section, "determination of all pending criminal actions or proceedings in favor of the arrested person" does not include:

(1) the sealing of a criminal record pursuant to section 152.18, subdivision 1, 242.31, or 609.168; or

(2) the arrested person's successful completion of a diversion program.

Sec. 50. Minnesota Statutes 1994, section 336.9-407, is amended to read:

336.9-407 [INFORMATION FROM FILING OFFICER.]

(1) If the person filing any financing statement, termination statement, statement of assignment, or statement of release, furnishes the filing officer a copy thereof, the filing officer shall upon request note upon the copy the file number and date and hour of the filing of the original and deliver or send the copy to such person.

(2) Upon request of any person, the filing officer shall conduct a search of the statewide computerized uniform commercial code database for any active financing statements naming a particular debtor. The filing officer shall report the findings as of the date and hour of the search by issuing:

(a) a certificate listing the file number, date, and hour of each filing and the names and addresses of each secured party;

(b) photocopies of those original documents on file and located in the office of the filing officer; or

(c) upon request, both the certificate and the photocopies referred to in (b).

The uniform fee for conducting the search and for preparing a certificate shall be $15 if the request is in the standard form prescribed by the secretary of state. This uniform fee shall include up to ten photocopies of original documents. If the request for information is made on a form other than the standard form prescribed by the secretary of state, the fee shall be $20 and shall include up to ten photocopies of original documents.

Another fee, at the same rate, shall also be charged for conducting a search and preparing a certificate showing federal and state tax liens on file with the filing officer naming a particular debtor.

There shall be an additional fee of $1 per page for a photocopy of each financing statement or tax lien prepared in excess of the first ten.

Notwithstanding the fees set in this section, a natural person who is the subject of data must, upon the person's request, be shown the data without charge, and upon request be provided with photocopies of the data upon payment of no more than the actual cost of making the copies.

Notwithstanding section 13.49, a filing officer may include social security number information in a report of the findings following a search of the statewide computerized uniform commercial code database or the state and federal tax liens on file with the filing officer. A filing officer may also include social security number information on a photocopy of an original document on file whether provided in response to a request for information or in response to a request made pursuant to section 13.03.

Sec. 51. Minnesota Statutes 1994, section 336.9-411, is amended to read:

336.9-411 [COMPUTERIZED FILING SYSTEM.]

(a) The secretary of state shall develop and implement a statewide computerized filing system to accumulate and disseminate information relative to lien statements, financing statements, state

and federal tax lien notices, and other uniform commercial code documents. The computerized filing system must allow information to be entered and retrieved from the computerized filing system by county recorders, the department of revenue, the department of economic security, and the Internal Revenue Service.

(b) County recorders shall enter information relative to lien statements, financing statements, state and federal tax lien notices, and other uniform commercial code documents filed in their offices into a central database maintained by the secretary of state. The information must be entered under the rules of the secretary of state. This requirement does not apply to tax lien notices filed under sections 268.161, subdivision 1, paragraph (b), clause (2); 270.69, subdivision 2, paragraph (b), clause (2); and 272.488, subdivision 1, but does apply to entry of the date and time of receipt and county recorder's file number of those notices.

(c) The secretary of state may allow private parties to have electronic-view-only access to the computerized filing system and to other computerized records maintained by the secretary of state on a fee basis, except that visual access to electronic display terminals at the public counters at the secretary of state's office will be without charge and available during public counter hours. If the computerized filing system allows a form of electronic access to information regarding the obligations of debtors, the access must be available 24 hours a day, every day of the year.

Notwithstanding section 13.49, private parties who have electronic-view-only access to computerized records may view the social security number information about a debtor that is of record.

(d) The secretary of state shall adopt rules to implement the computerized filing system. The secretary of state may adopt permanent and emergency rules. The rules must:

(1) allow filings to be made at the offices of all county recorders and the secretary of state's office as required by section 336.9-401;

(2) establish a central database for all information relating to liens and security interests that are filed at the offices of county recorders and the secretary of state;

(3) provide procedures for entering data into a central database;

(4) allow the offices of all county recorders and the secretary of state's office to add, modify, and delete information in the central database as required by the uniform commercial code;

(5) allow the offices of all county recorders and the secretary of state's office to have access to the central database for review and search capabilities;

(6) allow the offices of all county recorders to have electronic-view-only access to the computerized business information records on file with the secretary of state;

(7) require the secretary of state to maintain the central database;

(8) provide security and protection of all information in the central database and monitor the central database to ensure that unauthorized entry is not allowed;

(9) require standardized information for entry into the central database;

(10) prescribe an identification procedure for debtors and secured parties that will enhance lien and financing statement searches; and

(11) prescribe a procedure for phasing-in or converting from the existing filing system to a computerized filing system.

(e) The secretary of state, county recorders, and their employees and agents shall not be liable for any loss or damages arising from errors in or omissions from information entered into the computerized filing system as a result of the electronic transmission of tax lien notices under sections 268.161, subdivision 1, paragraph (b), clause (2); 270.69, subdivision 2, paragraph (b), clause (2); 272.483; and 272.488, ~~subdivision~~ subdivisions 1 and 3.

Sec. 52. Minnesota Statutes 1994, section 363.061, subdivision 2, is amended to read:

Subd. 2. [ACCESS TO OPEN FILES.] (a) Human rights investigative data on an individual, with the exception of the name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought, contained in an open case file is classified as confidential. The name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought are classified as private data until seven working days after the commissioner has mailed a copy of the charge to the respondent, at which time the data become public ~~data~~, unless the commissioner determines that release of the data would be detrimental to the investigative and enforcement process.

(b) Human rights investigative data not on an individual contained in an open case file is classified as protected nonpublic data.

(c) Notwithstanding this subdivision, the commissioner may make human rights investigative data contained in an open case file accessible to a person, government agency, or the public if access will aid the investigative and enforcement process.

Sec. 53. Minnesota Statutes 1994, section 383B.225, subdivision 6, is amended to read:

Subd. 6. [INVESTIGATION PROCEDURE.] (a) Upon notification of the death of any person, as provided in subdivision 5, the county medical examiner or a designee may proceed to the body, take charge of it, and order, when necessary, that there be no interference with the body or the scene of death. Any person violating the order of the examiner is guilty of a misdemeanor. The examiner or the examiner's designee shall make inquiry regarding the cause and manner of death and prepare written findings together with the report of death and its circumstances, which shall be filed in the office of the examiner. When it appears that death may have resulted from a criminal act and that further investigation is advisable, a copy of the report shall be transmitted to the county attorney. The examiner may take possession of all property of the deceased, mark it for identification, and make an inventory. The examiner shall take possession of all articles useful in establishing the cause of death, mark them for identification and retain them securely until they are no longer needed for evidence or investigation. The examiner shall release any property or articles needed for any criminal investigation to law enforcement officers conducting the investigation. When a reasonable basis exists for not releasing property or articles to law enforcement officers, the examiner shall consult with the county attorney. If the county attorney determines that a reasonable basis exists for not releasing the property or articles, the examiner may retain them. The property or articles shall be returned immediately upon completion of the investigation. When the property or articles are no longer needed for the investigation or as evidence, the examiner shall release the property or articles to the person or persons entitled to them. Notwithstanding any other law to the contrary, when personal property of a decedent has come into the possession of the examiner, and is not used for a criminal investigation or as evidence, and has not been otherwise released as provided in this subdivision, the name of the decedent shall be filed with the probate court, together with a copy of the inventory of the decedent's property. At that time, an examination of the records of the probate court shall be made to determine whether a will has been admitted to probate or an administration has been commenced. Property of a nominal value, including wearing apparel, may be released to the spouse or any blood relative of the decedent or to the person accepting financial responsibility for burial of the decedent. If property has not been released by the examiner and no will has been admitted to probate or administration commenced within six months after death, the examiner shall sell the property at a public auction upon notice and in a manner as the probate court may direct; except that the examiner shall cause to be destroyed any firearm or other weapon that is not released to or claimed by a decedent's spouse or blood relative. If the name of the decedent is not known, the examiner shall inventory the property of the decedent and after six months may sell the property at a public auction. The examiner shall be allowed reasonable expenses for the care and sale of the property and shall deposit the net proceeds of the sale with the county administrator, or the administrator's designee, in the name of the decedent, if known. If the decedent is not known, the examiner shall establish a means of identifying the property of the decedent with the unknown decedent and shall deposit the net proceeds of the sale with the county administrator, or a designee, so, that, if the unknown decedent's identity is established within six years, the proceeds can be properly distributed. In either case, duplicate receipts shall be provided to the examiner, one of which shall be filed with the court, the other of which shall be retained in the office of the examiner. If a representative shall qualify within six years from the time of deposit, the county administrator, or a designee, shall pay the amount of the deposit to the representative upon order of the court. If no order is made within six years, the proceeds of the sale shall become a part of the general revenue of the county.

(b) For the purposes of this section, health-related records or data on a decedent, except health data defined in section 13.38, whose death is being investigated under this section, whether the records or data are recorded or unrecorded, including but not limited to those concerning medical, surgical, psychiatric, psychological, or any other consultation, diagnosis, or treatment, including medical imaging, shall be made promptly available to the medical examiner, upon the medical examiner's written request, by a person having custody of, possession of, access to, or knowledge of the records or data. In cases involving a stillborn infant or the death of a fetus or an infant less than one year of age, the records on the decedent's mother shall also be made promptly available to the medical examiner. The medical examiner shall pay the reasonable costs of copies of records or data provided to the medical examiner under this section. Data collected or created pursuant to this subdivision relating to any psychiatric, psychological, or mental health consultation with, diagnosis of, or treatment of the decedent whose death is being investigated shall remain confidential or protected nonpublic data, except that the medical examiner's report may contain a summary of such data.

Sec. 54. Minnesota Statutes 1994, section 388.24, subdivision 4, is amended to read:

Subd. 4. [REPORTING OF DATA TO CRIMINAL JUSTICE INFORMATION SYSTEM (CJIS).] Effective August 1, 1997, every county attorney who establishes a diversion program under this section shall report the following information to the bureau of criminal apprehension:

(1) the name and date of birth of each diversion program participant and any other identifying information the superintendent considers necessary;

(2) the date on which the individual began to participate in the diversion program;

(3) the date on which the individual is expected to complete the diversion program;

(4) the date on which the individual successfully completed the diversion program, where applicable; and

(5) the date on which the individual was removed from the diversion program for failure to successfully complete the individual's goals, where applicable.

The superintendent shall cause the information described in this subdivision to be entered into and maintained in the criminal history file of the Minnesota criminal justice information system.

Sec. 55. Minnesota Statutes 1994, section 401.065, subdivision 3a, is amended to read:

Subd. 3a. [REPORTING OF DATA TO CRIMINAL JUSTICE INFORMATION SYSTEM (CJIS).] (a) Every county attorney who establishes a diversion program under this section shall report the following information to the bureau of criminal apprehension:

(1) the name and date of birth of each diversion program participant and any other identifying information the superintendent considers necessary;

(2) the date on which the individual began to participate in the diversion program;

(3) the date on which the individual is expected to complete the diversion program;

(4) the date on which the individual successfully completed the diversion program, where applicable; and

(5) the date on which the individual was removed from the diversion program for failure to successfully complete the individual's goals, where applicable.

The superintendent shall cause the information described in this subdivision to be entered into and maintained in the criminal history file of the Minnesota criminal justice information system.

(b) Effective August 1, 1997, the reporting requirements of this subdivision shall apply to misdemeanor offenses.

Sec. 56. Laws 1993, chapter 192, section 110, is amended to read:

Sec. 110. [REPEALER.]

(a) Minnesota Statutes 1992, section 309.502, is repealed.

(b) Minnesota Statutes 1992, sections 16A.095, subdivision 3; 16A.123; 16A.128; 16A.1281; 16A.35; 16A.45, subdivisions 2 and 3; 16A.80; and 290A.24, are repealed.

~~(c) Minnesota Statutes 1992, section 13.072, is repealed effective August 1, 1995.~~

Sec. 57. [CRIMINAL AND JUVENILE INFORMATION POLICY GROUP REPORT.]

By January 15, 1996, the criminal and juvenile information policy group shall report to the chairs of the senate crime prevention committee and house of representatives judiciary committee on recommendations for additional offenses to be subject to identification reporting requirements of Minnesota Statutes, section 299C.10, subdivision 1, and on processes for expungement, correction of inaccurate records, destruction of records, and other matters relating to the privacy interests of individuals as they relate to the development of the juvenile criminal history system, the statewide misdemeanor system, and the tracking system for domestic abuse orders for protection.

Sec. 58. [13.385] [HUNTINGTON'S DISEASE DATA.]

All data created, collected, received, or maintained by the commissioner of health on individuals relating to genetic counseling services for Huntington's Disease provided by the department of health is private data on individuals. The data may be permanently transferred from the department to the Hennepin county medical center, and once transferred, shall continue to be classified as private data on individuals.

Sec. 59. [PROCESS FOR RESOLVING DATA DISPUTES.]

The commissioner of administration in consultation with the commissioner of human services, county attorneys, legal services, local social service agencies, community agencies, and interested citizens shall develop a process for resolving disputes about the accuracy and completeness of data on individuals at the point where the disputed data is held and for the lowest possible cost. If the process requires legislation to implement, the commissioner of administration shall propose such legislation by February 1, 1996.

Sec. 60. [REPORT.]

(a) The government information access council shall report recommendations regarding state and local government intellectual property to the legislature by January 15, 1996.

(b) To the extent feasible, the government information access council shall prepare an inventory of state intellectual property and a report on the inventory to the legislature by January 15, 1996.

Sec. 61. [FINANCIAL ASSISTANCE DATA POLICY.]

The data practices subcommittees of the house of representatives and the senate shall study and recommend a uniform statutory policy for the treatment of financial assistance data. The subcommittees, in cooperation with appropriate state agencies, statewide systems, and political subdivisions, shall develop legislative recommendations by January 15, 1996, based on information regarding:

(1) the purpose of the various kinds of financial assistance available to businesses and individuals, and the types of projects supported by the financial assistance;

(2) current practice regarding the kinds of data collected from applicants for and recipients of financial assistance, and how the data are collected;

(3) types of financial information and any other information collected in order to make award determinations;

(4) the proprietary value of data collected from applicants and recipients, including whether any data involve trade secrets; and

(5) at what point in the application or award process various kinds of data are collected and when, if ever, the various kinds of data should not become public.

Sec. 62. [REPEALER.]

Minnesota Statutes 1994, sections 13.06, subdivision 6; 13.38, subdivision 4; 13.69, subdivision 2; 13.71, subdivisions 9, 10, 11, 12, 13, 14, 15, 16, and 17; 13B.04; and Laws 1990, chapter 566, section 9, as amended by Laws 1992, chapter 569, section 36, and Laws 1994, chapter 618, article 1, section 47, are repealed.

Sec. 63. [EFFECTIVE DATE.]

Sections 2, 3, 42, 44, 46, 49, 50, 51, and 56 are effective the day following final enactment. Section 36 is effective July 1, 1998.

ARTICLE 2

INFORMATION POLICY TRAINING PROGRAM

Section 1. [13.073] [PUBLIC INFORMATION POLICY TRAINING PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner may establish a program for training state and local government officials and employees on public information policy, including government data practices laws and official records and records management statutes. The program may provide for the development of broad-based expertise within state and local government entities. The program components may include basic training, specific training for specialized service sectors, and policy analysis and support.

Subd. 2. [GENERAL PROVISIONS.] The commissioner may publicize the development and implementation of the training program under this section and seek input from state and local government entities. The commissioner may prepare a training guide that includes an overview of the training program and its components.

Subd. 3. [BASIC TRAINING.] The basic training component should be designed to meet the basic information policy needs of all government employees and public officials with a focus on key data practices laws and procedures that apply to all government entities. The commissioner should design the basic training component in a manner that minimizes duplication of the effort and cost for government entities to provide basic training. The commissioner may develop general programs and materials for basic training such as video presentations, data practices booklets, and training guides. The commissioner may assist state and local government agencies in developing training expertise within their own agencies and offer assistance for periodic training sessions for this purpose.

Subd. 4. [SECTOR-SPECIFIC TRAINING.] (a) The sector-specific training component should be designed to provide for the development of specific expertise needed to deal with information policy issues within a particular service area. Service areas may include government entities such as state agencies, counties, cities, or school districts, or functional areas such as education, human services, child protection, or law enforcement. This component should focus on training individuals who implement or administer data practices and other information policy laws within their government entity.

(b) The commissioner may provide technical assistance and support and help coordinate efforts to develop sector-specific training within different sectors. Elements of sector-specific training should include:

(1) designation, training, and coordination of data practices specialists with responsibility for clarification and resolution of sector-specific information policy issues;

(2) development of telephone hot lines within different sectors for handling information policy inquiries;

(3) development of forums under which individuals with ongoing information policy administrative responsibilities may meet to discuss issues arising within their sectors;

(4) availability of expertise for coaching and consultation on specific issues; and

(5) preparation of publications, including reference guides to materials and resource persons.

Subd. 5. [POLICY ANALYSIS AND SUPPORT.] The policy analysis and support component should be designed to address information policy issues at the policy level and to provide ongoing consultation and support regarding major areas of concern with a goal of developing a coherent and coordinated approach to information policy within the state. The commissioner may assist in the development and implementation of information policy and provide a clearinghouse for ideas, information, and resources. The commissioner may review public information policy and identify how that policy can be updated, simplified, and made consistent.

Sec. 2. [REPORT.]

By January 15, 1996, the commissioner of administration shall report to the legislature on progress in implementing the training program under section 1. The report must include recommendations and cost estimates for accelerated implementation of the training plan.

ARTICLE 3

TECHNICAL CHANGES DOMESTIC ASSAULT CRIME

Section 1. Minnesota Statutes 1994, section 148B.68, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED CONDUCT.] The commissioner may impose disciplinary action as described in section 148B.69 against any unlicensed mental health practitioner. The following conduct is prohibited and is grounds for disciplinary action:

(a) Conviction of a crime, including a finding or verdict of guilt, an admission of guilt, or a no contest plea, in any court in Minnesota or any other jurisdiction in the United States, reasonably related to the provision of mental health services. Conviction, as used in this subdivision, includes a conviction of an offense which, if committed in this state, would be deemed a felony or gross misdemeanor without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilty is made or returned but the adjudication of guilt is either withheld or not entered.

(b) Conviction of crimes against persons. For purposes of this chapter, a crime against a person means violations of the following: sections 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.215; 609.221; 609.222; 609.223; 609.224; 609.2241; 609.23; 609.231; 609.235; 609.24; 609.245; 609.25; 609.255; 609.26, subdivision 1, clause (1) or (2); 609.265; 609.342; 609.343; 609.344; 609.345; 609.365; 609.498, subdivision 1; 609.50, clause (1); 609.561; 609.562; and 609.595.

(c) Failure to comply with the self-reporting requirements of section 148B.63, subdivision 6.

(d) Engaging in sexual contact with a client or former client as defined in section 148A.01, or engaging in contact that may be reasonably interpreted by a client as sexual, or engaging in any verbal behavior that is seductive or sexually demeaning to the patient, or engaging in sexual exploitation of a client or former client.

(e) Advertising that is false, fraudulent, deceptive, or misleading.

(f) Conduct likely to deceive, defraud, or harm the public; or demonstrating a willful or careless disregard for the health, welfare, or safety of a client; or any other practice that may create unnecessary danger to any client's life, health, or safety, in any of which cases, proof of actual injury need not be established.

(g) Adjudication as mentally incompetent, or as a person who is dangerous to self, or adjudication pursuant to chapter 253B, as chemically dependent, mentally ill, mentally retarded, mentally ill and dangerous to the public, or as a sexual psychopathic personality or sexually dangerous person.

(h) Inability to provide mental health services with reasonable safety to clients.

(i) The habitual overindulgence in the use of or the dependence on intoxicating liquors.

(j) Improper or unauthorized personal or other use of any legend drugs as defined in chapter 151, any chemicals as defined in chapter 151, or any controlled substance as defined in chapter 152.

(k) Revealing a communication from, or relating to, a client except when otherwise required or permitted by law.

(l) Failure to comply with a client's request made under section 144.335, or to furnish a client record or report required by law.

(m) Splitting fees or promising to pay a portion of a fee to any other professional other than for services rendered by the other professional to the client.

(n) Engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws.

(o) Failure to make reports as required by section 148B.63, or cooperate with an investigation of the office.

(p) Obtaining money, property, or services from a client, other than reasonable fees for services provided to the client, through the use of undue influence, harassment, duress, deception, or fraud.

(q) Undertaking or continuing a professional relationship with a client in which the objectivity of the professional would be impaired.

(r) Failure to provide the client with a copy of the client bill of rights or violation of any provision of the client bill of rights.

(s) Violating any order issued by the commissioner.

(t) Failure to comply with sections 148B.60 to 148B.71, and the rules adopted under those sections.

(u) Failure to comply with any additional disciplinary grounds established by the commissioner by rule.

Sec. 2. Minnesota Statutes 1994, section 253B.02, subdivision 4a, is amended to read:

Subd. 4a. [CRIME AGAINST THE PERSON.] "Crime against the person" means a violation of or attempt to violate any of the following provisions: sections 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.215; 609.221; 609.222; 609.223; 609.224; 609.2241; 609.23; 609.231; 609.235; 609.24; 609.245; 609.25; 609.255; 609.265; 609.27, subdivision 1, clause (1) or (2); 609.28 if violence or threats of violence were used; 609.322, subdivision 1, clause (2); 609.342; 609.343; 609.344; 609.345; 609.365; 609.498, subdivision 1; 609.50, clause (1); 609.561; 609.562; and 609.595.

Sec. 3. Minnesota Statutes 1994, section 260.015, subdivision 28, is amended to read:

Subd. 28. [CHILD ABUSE.] "Child abuse" means an act that involves a minor victim and that constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.2241, 609.322, 609.323, 609.324, 609.342, 609.343, 609.344, 609.345, 609.377, 609.378, or 617.246.

Sec. 4. Minnesota Statutes 1994, section 260.161, subdivision 1b, is amended to read:

Subd. 1b. [DISPOSITION ORDER; COPY TO SCHOOL.] (a) If a juvenile is enrolled in school, the juvenile's probation officer shall transmit a copy of the court's disposition order to the principal or chief administrative officer of the juvenile's school if the juvenile has been adjudicated delinquent for committing an act on the school's property or an act:

(1) that would be a violation of section 609.185 (first-degree murder); 609.19 (second-degree murder); 609.195 (third-degree murder); 609.20 (first-degree manslaughter); 609.205 (second-degree manslaughter); 609.21 (criminal vehicular homicide and injury); 609.221

(first-degree assault); 609.222 (second-degree assault); 609.223 (third-degree assault); 609.2231 (fourth-degree assault); 609.224 (fifth-degree assault); 609.2241 (domestic assault); 609.24 (simple robbery); 609.245 (aggravated robbery); 609.25 (kidnapping); 609.255 (false imprisonment); 609.342 (first-degree criminal sexual conduct); 609.343 (second-degree criminal sexual conduct); 609.344 (third-degree criminal sexual conduct); 609.345 (fourth-degree criminal sexual conduct); 609.3451 (fifth-degree criminal sexual conduct); 609.498 (tampering with a witness); 609.561 (first-degree arson); 609.582, subdivision 1 or 2 (burglary); 609.713 (terroristic threats); or 609.749 (harassment and stalking), if committed by an adult;

(2) that would be a violation of section 152.021 (first-degree controlled substance crime); 152.022 (second-degree controlled substance crime); 152.023 (third-degree controlled substance crime); 152.024 (fourth-degree controlled substance crime); 152.025 (fifth-degree controlled substance crime); 152.0261 (importing a controlled substance); or 152.027 (other controlled substance offenses), if committed by an adult; or

(3) that involved the possession or use of a dangerous weapon as defined in section 609.02, subdivision 6.

When a disposition order is transmitted under this paragraph, the probation officer shall notify the juvenile's parent or legal guardian that the disposition order has been shared with the juvenile's school.

(b) The disposition order must be accompanied by a notice to the school that the school may obtain additional information from the juvenile's probation officer with the consent of the juvenile or the juvenile's parents, as applicable. The disposition order must be maintained in the student's permanent education record but may not be released outside of the school district or educational entity, other than to another school district or educational entity to which the juvenile is transferring. Notwithstanding section 138.17, the disposition order must be destroyed when the juvenile graduates from the school or at the end of the academic year when the juvenile reaches age 23, whichever date is earlier.

(c) The juvenile's probation officer shall maintain a record of disposition orders released under this subdivision and the basis for the release.

(d) The criminal and juvenile justice information policy group, in consultation with representatives of probation officers and educators, shall prepare standard forms for use by juvenile probation officers in forwarding information to schools under this subdivision and in maintaining a record of the information that is released.

(e) As used in this subdivision, "school" means a public or private elementary, middle, or secondary school.

Sec. 5. Minnesota Statutes 1994, section 299C.61, subdivision 4, is amended to read:

Subd. 4. [CHILD ABUSE CRIME.] "Child abuse crime" means:

(1) an act committed against a minor victim that constitutes a violation of section 609.185, clause (5); 609.221; 609.222; 609.223; 609.224; 609.2241; 609.322; 609.323; 609.324; 609.342; 609.343; 609.344; 609.345; 609.352; 609.377; or 609.378; or

(2) a violation of section 152.021, subdivision 1, clause (4); 152.022, subdivision 1, clause (5) or (6); 152.023, subdivision 1, clause (3) or (4); 152.023, subdivision 2, clause (4) or (6); or 152.024, subdivision 1, clause (2), (3), or (4).

Sec. 6. Minnesota Statutes 1994, section 518B.01, subdivision 14, is amended to read:

Subd. 14. [VIOLATION OF AN ORDER FOR PROTECTION.] (a) Whenever an order for protection is granted pursuant to this section, and the respondent or person to be restrained knows of the order, violation of the order for protection is a misdemeanor. Upon conviction, the defendant must be sentenced to a minimum of three days imprisonment and must be ordered to participate in counseling or other appropriate programs selected by the court. If the court stays imposition or execution of the jail sentence and the defendant refuses or fails to comply with the court's treatment order, the court must impose and execute the stayed jail sentence. A person is

guilty of a gross misdemeanor who violates this paragraph during the time period between a previous conviction under this paragraph; sections 609.221 to 609.224; 609.2241; 609.713, subdivision 1 or 3; 609.748, subdivision 6; 609.749; or a similar law of another state and the end of the five years following discharge from sentence for that conviction. Upon conviction, the defendant must be sentenced to a minimum of ten days imprisonment and must be ordered to participate in counseling or other appropriate programs selected by the court. Notwithstanding section 609.135, the court must impose and execute the minimum sentence provided in this paragraph for gross misdemeanor convictions.

(b) A peace officer shall arrest without a warrant and take into custody a person whom the peace officer has probable cause to believe has violated an order granted pursuant to this section restraining the person or excluding the person from the residence or the petitioner's place of employment, even if the violation of the order did not take place in the presence of the peace officer, if the existence of the order can be verified by the officer. The person shall be held in custody for at least 36 hours, excluding the day of arrest, Sundays, and holidays, unless the person is released earlier by a judge or judicial officer. A peace officer acting in good faith and exercising due care in making an arrest pursuant to this paragraph is immune from civil liability that might result from the officer's actions.

(c) A violation of an order for protection shall also constitute contempt of court and be subject to the penalties therefor.

(d) If the court finds that the respondent has violated an order for protection and that there is reason to believe that the respondent will commit a further violation of the provisions of the order restraining the respondent from committing acts of domestic abuse or excluding the respondent from the petitioner's residence, the court may require the respondent to acknowledge an obligation to comply with the order on the record. The court may require a bond sufficient to deter the respondent from committing further violations of the order for protection, considering the financial resources of the respondent, and not to exceed $10,000. If the respondent refuses to comply with an order to acknowledge the obligation or post a bond under this paragraph, the court shall commit the respondent to the county jail during the term of the order for protection or until the respondent complies with the order under this paragraph. The warrant must state the cause of commitment, with the sum and time for which any bond is required. If an order is issued under this paragraph, the court may order the costs of the contempt action, or any part of them, to be paid by the respondent. An order under this paragraph is appealable.

(e) Upon the filing of an affidavit by the petitioner, any peace officer, or an interested party designated by the court, alleging that the respondent has violated any order for protection granted pursuant to this section, the court may issue an order to the respondent, requiring the respondent to appear and show cause within 14 days why the respondent should not be found in contempt of court and punished therefor. The hearing may be held by the court in any county in which the petitioner or respondent temporarily or permanently resides at the time of the alleged violation. The court also shall refer the violation of the order for protection to the appropriate prosecuting authority for possible prosecution under paragraph (a).

(f) If it is alleged that the respondent has violated an order for protection issued under subdivision 6 and the court finds that the order has expired between the time of the alleged violation and the court's hearing on the violation, the court may grant a new order for protection under subdivision 6 based solely on the respondent's alleged violation of the prior order, to be effective until the hearing on the alleged violation of the prior order. If the court finds that the respondent has violated the prior order, the relief granted in the new order for protection shall be extended for a fixed period, not to exceed one year.

(g) The admittance into petitioner's dwelling of an abusing party excluded from the dwelling under an order for protection is not a violation by the petitioner of the order for protection.

A peace officer is not liable under section 609.43, clause (1), for a failure to perform a duty required by paragraph (b).

Sec. 7. Minnesota Statutes 1994, section 609.101, subdivision 2, is amended to read:

Subd. 2. [MINIMUM FINES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of violating section 609.221, 609.267, or 609.342, it must impose a fine of not less than $500 nor more than the maximum fine authorized by law;

(2) when a court sentences a person convicted of violating section 609.222, 609.223, 609.2671, 609.343, 609.344, or 609.345, it must impose a fine of not less than $300 nor more than the maximum fine authorized by law; and

(3) when a court sentences a person convicted of violating section 609.2231, 609.224, 609.2241, or 609.2672, it must impose a fine of not less than $100 nor more than the maximum fine authorized by law.

The court shall collect the portion of the fine mandated by this subdivision and forward 70 percent of it to a local victim assistance program that provides services locally in the county in which the crime was committed. The court shall forward the remaining 30 percent to the commissioner of finance to be credited to the general fund. If more than one victim assistance program serves the county in which the crime was committed, the court may designate on a case-by-case basis which program will receive the fine proceeds, giving consideration to the nature of the crime committed, the types of victims served by the program, and the funding needs of the program. If no victim assistance program serves that county, the court shall forward 100 percent of the fine proceeds to the commissioner of finance to be credited to the general fund. Fine proceeds received by a local victim assistance program must be used to provide direct services to crime victims.

The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any sentence of imprisonment or restitution imposed or ordered by the court.

As used in this subdivision, "victim assistance program" means victim witness programs within county attorney offices or any of the following programs: crime victim crisis centers, victim-witness programs, battered women shelters and nonshelter programs, and sexual assault programs.

Sec. 8. Minnesota Statutes 1994, section 609.131, subdivision 2, is amended to read:

Subd. 2. [CERTAIN VIOLATIONS EXCEPTED.] Subdivision 1 does not apply to a misdemeanor violation of section 169.121; 609.224; 609.2241; 609.226; 609.324, subdivision 3; 609.52; or 617.23, or an ordinance that conforms in substantial part to any of those sections. A violation described in this subdivision must be treated as a misdemeanor unless the defendant consents to the certification of the violation as a petty misdemeanor.

Sec. 9. Minnesota Statutes 1994, section 609.135, subdivision 2, is amended to read:

Subd. 2. (a) If the conviction is for a felony the stay shall be for not more than four years or the maximum period for which the sentence of imprisonment might have been imposed, whichever is longer.

(b) If the conviction is for a gross misdemeanor violation of section 169.121 or 169.129, the stay shall be for not more than four years. The court shall provide for unsupervised probation for the last one year of the stay unless the court finds that the defendant needs supervised probation for all or part of the last one year.

(c) If the conviction is for a gross misdemeanor not specified in paragraph (b), the stay shall be for not more than two years.

(d) If the conviction is for any misdemeanor under section 169.121; 609.746, subdivision 1; 609.79; or 617.23; or for a misdemeanor under section 609.2241 or 609.224, subdivision 1, in which the victim of the crime was a family or household member as defined in section 518B.01, the stay shall be for not more than two years. The court shall provide for unsupervised probation for the second year of the stay unless the court finds that the defendant needs supervised probation for all or part of the second year.

(e) If the conviction is for a misdemeanor not specified in paragraph (d), the stay shall be for not more than one year.

(f) The defendant shall be discharged six months after the term of the stay expires, unless the stay has been revoked or extended under paragraph (g), or the defendant has already been discharged.

(g) Notwithstanding the maximum periods specified for stays of sentences under paragraphs (a) to (f), a court may extend a defendant's term of probation for up to one year if it finds, at a hearing conducted under subdivision 1a, that:

(1) the defendant has not paid court-ordered restitution or a fine in accordance with the payment schedule or structure; and

(2) the defendant is likely to not pay the restitution or fine the defendant owes before the term of probation expires.

This one-year extension of probation for failure to pay restitution or a fine may be extended by the court for up to one additional year if the court finds, at another hearing conducted under subdivision 1a, that the defendant still has not paid the court-ordered restitution or fine that the defendant owes.

Sec. 10. Minnesota Statutes 1994, section 609.135, subdivision 5a, is amended to read:

Subd. 5a. [DOMESTIC ABUSE VICTIMS; ELECTRONIC MONITORING.] (a) Until the commissioner of corrections has adopted standards governing electronic monitoring devices used to protect victims of domestic abuse, the court, as a condition of a stay of imposition or execution of a sentence, may not order an offender convicted of a crime described in paragraph (b) to use an electronic monitoring device to protect a victim's safety.

(b) This subdivision applies to the following crimes, if committed by the defendant against a family or household member as defined in section 518B.01, subdivision 2:

(1) violations of orders for protection issued under chapter 518B;

(2) assault in the first, second, third, or fifth degree under section 609.221, 609.222, 609.223, or 609.224; or domestic assault under section 609.2241;

(3) criminal damage to property under section 609.595;

(4) disorderly conduct under section 609.72;

(5) harassing telephone calls under section 609.79;

(6) burglary under section 609.582;

(7) trespass under section 609.605;

(8) criminal sexual conduct in the first, second, third, fourth, or fifth degree under section 609.342, 609.343, 609.344, 609.345, or 609.3451; and

(9) terroristic threats under section 609.713.

(c) Notwithstanding paragraph (a), the judges in the tenth judicial district may order, as a condition of a stay of imposition or execution of a sentence, a defendant convicted of a crime described in paragraph (b), to use an electronic monitoring device to protect the victim's safety. The judges shall make data on the use of electronic monitoring devices to protect a victim's safety in the tenth judicial district available to the commissioner of corrections to evaluate and to aid in development of standards for the use of devices to protect victims of domestic abuse.

Sec. 11. Minnesota Statutes 1994, section 609.1352, subdivision 3, is amended to read:

Subd. 3. [DANGER TO PUBLIC SAFETY.] The court shall base its finding that the offender is a danger to public safety on either of the following factors:

(1) the crime involved an aggravating factor that would justify a durational departure from the presumptive sentence under the sentencing guidelines; or

(2) the offender previously committed or attempted to commit a predatory crime or a violation of section 609.224 or 609.2241, including an offense committed as a juvenile that would have been a predatory crime or a violation of section 609.224 or 609.2241 if committed by an adult.

Sec. 12. Minnesota Statutes 1994, section 609.185, is amended to read:

609.185 [MURDER IN THE FIRST DEGREE.]

Whoever does any of the following is guilty of murder in the first degree and shall be sentenced to imprisonment for life:

(1) causes the death of a human being with premeditation and with intent to effect the death of the person or of another;

(2) causes the death of a human being while committing or attempting to commit criminal sexual conduct in the first or second degree with force or violence, either upon or affecting the person or another;

(3) causes the death of a human being with intent to effect the death of the person or another, while committing or attempting to commit burglary, aggravated robbery, kidnapping, arson in the first or second degree, tampering with a witness in the first degree, escape from custody, or any felony violation of chapter 152 involving the unlawful sale of a controlled substance;

(4) causes the death of a peace officer or a guard employed at a Minnesota state or local correctional facility, with intent to effect the death of that person or another, while the peace officer or guard is engaged in the performance of official duties;

(5) causes the death of a minor under circumstances other than those described in clause (1) or (2) while committing child abuse, when the perpetrator has engaged in a past pattern of child abuse upon the child and the death occurs under circumstances manifesting an extreme indifference to human life; or

(6) causes the death of a human being under circumstances other than those described in clause (1), (2), or (5) while committing domestic abuse, when the perpetrator has engaged in a past pattern of domestic abuse upon the victim and the death occurs under circumstances manifesting an extreme indifference to human life.

For purposes of clause (5), "child abuse" means an act committed against a minor victim that constitutes a violation of the following laws of this state or any similar laws of the United States or any other state: section 609.221; 609.222; 609.223; 609.224; 609.2241; 609.342; 609.343; 609.344; 609.345; 609.377; 609.378; or 609.713.

For purposes of clause (6), "domestic abuse" means an act that:

(1) constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.2241, 609.342, 609.343, 609.344, 609.345, 609.713, or any similar laws of the United States or any other state; and

(2) is committed against the victim who is a family or household member as defined in section 518B.01, subdivision 2, paragraph (b).

Sec. 13. Minnesota Statutes 1994, section 609.224, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANOR.] (a) Whoever violates the provisions of subdivision 1 against the same victim during the time period between a previous conviction under this section, sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713, or any similar law of another state, and the end of the five years following discharge from sentence for that conviction, is guilty of a gross misdemeanor and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both. ~~Whoever violates the provisions of subdivision 1 against a family or household member as defined in section 518B.01, subdivision 2, during the time period between a previous conviction under this section or sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713 against a family or household member, and the end of the five years following discharge from sentence for that conviction is guilty of a gross~~

~~misdemeanor and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both.~~

(b) Whoever violates the provisions of subdivision 1 within two years of a previous conviction under this section or sections 609.221 to 609.2231 or 609.713 is guilty of a gross misdemeanor and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both.

Sec. 14. Minnesota Statutes 1994, section 609.224, subdivision 3, is amended to read:

Subd. 3. [~~DOMESTIC ASSAULTS;~~ FIREARMS.] (a) When a person is convicted of a violation of this section or section 609.221, 609.222, or 609.223, the court shall determine and make written findings on the record as to whether:

(1) ~~the assault was committed against a family or household member, as defined in section 518B.01, subdivision 2;~~

~~(2)~~ the defendant owns or possesses a firearm; and

~~(3)~~ (2) the firearm was used in any way during the commission of the assault.

~~(b) If the court determines that the assault was of a family or household member, and that the offender owns or possesses a firearm and used it in any way during the commission of the assault, it shall order that the firearm be summarily forfeited under section 609.5316, subdivision 3.~~

~~(c) When a person is convicted of assaulting a family or household member and is determined by the court to have used a firearm in any way during commission of the assault the court may order that the person is prohibited from possessing any type of firearm for any period longer than three years or for the remainder of the person's life. A person who violates this firearm possession prohibition is guilty of a gross misdemeanor. At the time of the conviction, the court shall inform the defendant whether and for how long the defendant is prohibited from possessing a firearm and that it is a gross misdemeanor to violate this prohibition. The failure of the court to provide this information to a defendant does not affect the applicability of the firearm possession prohibition or the gross misdemeanor penalty to that defendant.~~

~~(d) Except as otherwise provided in paragraph (c), when a person is convicted of a violation of this section and the court determines that the victim was a family or household member, the court shall inform the defendant that the defendant is prohibited from possessing a pistol for a period of three years from the date of conviction and that it is a gross misdemeanor offense to violate this prohibition. The failure of the court to provide this information to a defendant does not affect the applicability of the pistol possession prohibition or the gross misdemeanor penalty to that defendant.~~

~~(e)~~ (b) Except as otherwise provided in ~~paragraph (c)~~ section 609.2241, subdivision 3, paragraph (c), a person is not entitled to possess a pistol if:

~~(1)~~ the person has been convicted after August 1, 1992, of assault in the fifth degree if the offense was committed within three years of a previous conviction under sections 609.221 to 609.224~~; or~~

~~(2) the person has been convicted after August 1, 1992, of assault in the fifth degree under section 609.224 and the assault victim was a family or household member as defined in section 518B.01, subdivision 2~~, unless three years have elapsed from the date of conviction and, during that time, the person has not been convicted of any other violation of section 609.224. Property rights may not be abated but access may be restricted by the courts. A person who possesses a pistol in violation of this paragraph is guilty of a gross misdemeanor.

Sec. 15. [609.2241] [DOMESTIC ASSAULT.]

Subdivision 1. [MISDEMEANOR.] Whoever does any of the following against a family or household member as defined in section 518B.01, subdivision 2, commits an assault and is guilty of a misdemeanor:

(1) commits an act with intent to cause fear in another of immediate bodily harm or death; or

(2) intentionally inflicts or attempts to inflict bodily harm upon another.

Subd. 2. [GROSS MISDEMEANOR.] Whoever violates subdivision 1 during the time period between a previous conviction under this section or sections 609.221 to 609.2231, 609.224, 609.342 to 609.345, or 609.713 against a family or household member as defined in section 518B.01, subdivision 2, and the end of the five years following discharge from sentence for that conviction is guilty of a gross misdemeanor and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both.

Subd. 3. [DOMESTIC ASSAULTS; FIREARMS.] (a) When a person is convicted of a violation of section 609.221, 609.222, 609.223, 609.224, or 609.2241, the court shall determine and make written findings on the record as to whether:

(1) the assault was committed against a family or household member, as defined in section 518B.01, subdivision 2;

(2) the defendant owns or possesses a firearm; and

(3) the firearm was used in any way during the commission of the assault.

(b) If the court determines that the assault was of a family or household member, and that the offender owns or possesses a firearm and used it in any way during the commission of the assault, it shall order that the firearm be summarily forfeited under section 609.5316, subdivision 3.

(c) When a person is convicted of assaulting a family or household member and is determined by the court to have used a firearm in any way during commission of the assault, the court may order that the person is prohibited from possessing any type of firearm for any period longer than three years or for the remainder of the person's life. A person who violates this paragraph is guilty of a gross misdemeanor. At the time of the conviction, the court shall inform the defendant whether and for how long the defendant is prohibited from possessing a firearm and that it is a gross misdemeanor to violate this paragraph. The failure of the court to provide this information to a defendant does not affect the applicability of the firearm possession prohibition or the gross misdemeanor penalty to that defendant.

(d) Except as otherwise provided in paragraph (c), when a person is convicted of a violation of section 609.224 or 609.2241 and the court determines that the victim was a family or household member, the court shall inform the defendant that the defendant is prohibited from possessing a pistol for three years from the date of conviction and that it is a gross misdemeanor offense to violate this prohibition. The failure of the court to provide this information to a defendant does not affect the applicability of the pistol possession prohibition or the gross misdemeanor penalty to that defendant.

(e) Except as otherwise provided in paragraph (c), a person is not entitled to possess a pistol if the person has been convicted after August 1, 1992, of domestic assault under 609.2241 or assault in the fifth degree under section 609.224 and the assault victim was a family or household member as defined in section 518B.01, subdivision 2, unless three years have elapsed from the date of conviction and, during that time, the person has not been convicted of any other violation of section 609.224 or 609.2241. Property rights may not be abated but access may be restricted by the courts. A person who possesses a pistol in violation of this paragraph is guilty of a gross misdemeanor.

Subd. 4. [FELONY.] Whoever violates the provisions of section 609.224, subdivision 1, or 609.2241, against the same victim during the time period between the first of two or more previous convictions under this section or sections 609.221 to 609.2231, 609.224, 609.342 to 609.345, or 609.713, and the end of the five years following discharge from sentence for that conviction is guilty of a felony and may be sentenced to imprisonment for not more than five years or payment of a fine of not more than $10,000, or both.

Sec. 16. Minnesota Statutes 1994, section 609.268, subdivision 1, is amended to read:

Subdivision 1. [DEATH OF AN UNBORN CHILD.] Whoever, in the commission of a felony

or in a violation of section 609.224, 609.2241, 609.23, or 609.231, causes the death of an unborn child is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine not more than $30,000, or both. As used in this subdivision, "felony" does not include a violation of sections 609.185 to 609.21, 609.221 to 609.2231, or 609.2661 to 609.2665.

Sec. 17. Minnesota Statutes 1994, section 609.748, subdivision 6, is amended to read:

Subd. 6. [VIOLATION OF RESTRAINING ORDER.] (a) When a temporary restraining order or a restraining order is granted under this section and the respondent knows of the order, violation of the order is a misdemeanor. A person is guilty of a gross misdemeanor who knowingly violates the order during the time period between a previous conviction under this subdivision; sections 609.221 to ~~609.224~~ 609.2241; 518B.01, subdivision 14; 609.713, subdivisions 1 or 3; or 609.749; and the end of the five years following discharge from sentence for that conviction.

(b) A peace officer shall arrest without a warrant and take into custody a person whom the peace officer has probable cause to believe has violated an order issued under subdivision 4 or 5 if the existence of the order can be verified by the officer.

(c) A violation of a temporary restraining order or restraining order shall also constitute contempt of court.

(d) Upon the filing of an affidavit by the petitioner, any peace officer, or an interested party designated by the court, alleging that the respondent has violated an order issued under subdivision 4 or 5, the court may issue an order to the respondent requiring the respondent to appear within 14 days and show cause why the respondent should not be held in contempt of court. The court also shall refer the violation of the order to the appropriate prosecuting authority for possible prosecution under paragraph (a).

Sec. 18. Minnesota Statutes 1994, section 609.749, subdivision 4, is amended to read:

Subd. 4. [SECOND OR SUBSEQUENT VIOLATIONS; FELONY.] A person is guilty of a felony who violates any provision of subdivision 2 during the time period between a previous conviction under this section; sections 609.221 to ~~609.224~~ 609.2241; 518B.01, subdivision 14; 609.748, subdivision 6; or 609.713, subdivision 1 or 3; and the end of the ten years following discharge from sentence for that conviction.

Sec. 19. Minnesota Statutes 1994, section 609.749, subdivision 5, is amended to read:

Subd. 5. [PATTERN OF HARASSING CONDUCT.] (a) A person who engages in a pattern of harassing conduct with respect to a single victim or one or more members of a single household in a manner that would cause a reasonable person under the circumstances to feel terrorized or to fear bodily harm and that does cause this reaction on the part of the victim, is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both.

(b) For purposes of this subdivision, a "pattern of harassing conduct" means two or more acts within a five-year period that violate the provisions of any of the following:

(1) this section;

(2) section 609.713;

(3) section 609.224;

(4) section 609.2241;

(5) section 518B.01, subdivision 14;

~~(5)~~ (6) section 609.748, subdivision 6;

~~(6)~~ (7) section 609.605, subdivision 1, paragraph (b), clause (7);

~~(7)~~ (8) section 609.79; or

~~(8)~~ (9) section 609.795.

Sec. 20. Minnesota Statutes 1994, section 611A.031, is amended to read:

611A.031 [VICTIM INPUT REGARDING PRETRIAL DIVERSION.]

A prosecutor shall make every reasonable effort to notify and seek input from the victim prior to referring a person into a pretrial diversion program in lieu of prosecution for a violation of sections 609.185, 609.19, 609.195, 609.20, 609.205, 609.221, 609.222, 609.223, 609.224, 609.2241, 609.24, 609.245, 609.25, 609.255, 609.342, 609.343, 609.344, 609.345, 609.365, 609.498, 609.561, 609.582, subdivision 1, 609.687, 609.713, and 609.749.

Sec. 21. Minnesota Statutes 1994, section 624.713, subdivision 1, is amended to read:

Subdivision 1. [INELIGIBLE PERSONS.] The following persons shall not be entitled to possess a pistol or semiautomatic military-style assault weapon or, except for paragraph (a), any other firearm:

(a) a person under the age of 18 years except that a person under 18 may carry or possess a pistol or semiautomatic military-style assault weapon (i) in the actual presence or under the direct supervision of the person's parent or guardian, (ii) for the purpose of military drill under the auspices of a legally recognized military organization and under competent supervision, (iii) for the purpose of instruction, competition, or target practice on a firing range approved by the chief of police or county sheriff in whose jurisdiction the range is located and under direct supervision; or (iv) if the person has successfully completed a course designed to teach marksmanship and safety with a pistol or semiautomatic military-style assault weapon and approved by the commissioner of natural resources;

(b) except as otherwise provided in clause (i), a person who has been convicted of, or adjudicated delinquent or convicted as an extended jurisdiction juvenile for committing, in this state or elsewhere, a crime of violence unless ten years have elapsed since the person has been restored to civil rights or the sentence or disposition has expired, whichever occurs first, and during that time the person has not been convicted of or adjudicated for any other crime of violence. For purposes of this section, crime of violence includes crimes in other states or jurisdictions which would have been crimes of violence as herein defined if they had been committed in this state;

(c) a person who is or has ever been confined in Minnesota or elsewhere as a "mentally ill," "mentally retarded," or "mentally ill and dangerous to the public" person as defined in section 253B.02, to a treatment facility, or who has ever been found incompetent to stand trial or not guilty by reason of mental illness, unless the person possesses a certificate of a medical doctor or psychiatrist licensed in Minnesota, or other satisfactory proof that the person is no longer suffering from this disability;

(d) a person who has been convicted in Minnesota or elsewhere of a misdemeanor or gross misdemeanor violation of chapter 152, or a person who is or has ever been hospitalized or committed for treatment for the habitual use of a controlled substance or marijuana, as defined in sections 152.01 and 152.02, unless the person possesses a certificate of a medical doctor or psychiatrist licensed in Minnesota, or other satisfactory proof, that the person has not abused a controlled substance or marijuana during the previous two years;

(e) a person who has been confined or committed to a treatment facility in Minnesota or elsewhere as "chemically dependent" as defined in section 253B.02, unless the person has completed treatment. Property rights may not be abated but access may be restricted by the courts;

(f) a peace officer who is informally admitted to a treatment facility pursuant to section 253B.04 for chemical dependency, unless the officer possesses a certificate from the head of the treatment facility discharging or provisionally discharging the officer from the treatment facility. Property rights may not be abated but access may be restricted by the courts;

(g) a person, including a person under the jurisdiction of the juvenile court, who has been charged with committing a crime of violence and has been placed in a pretrial diversion program by the court before disposition, until the person has completed the diversion program and the charge of committing the crime of violence has been dismissed;

(h) except as otherwise provided in clause (i), a person who has been convicted in another state of committing an offense similar to the offense described in section 609.224, subdivision 3, against a family or household member or section 609.2241, subdivision 3, unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted of any other violation of section 609.224, subdivision 3, or 609.2241, subdivision 3, or a similar law of another state;

(i) a person who has been convicted in this state or elsewhere of assaulting a family or household member and who was found by the court to have used a firearm in any way during commission of the assault is prohibited from possessing any type of firearm for the period determined by the sentencing court; or

(j) a person who:

(1) has been convicted in any court of a crime punishable by imprisonment for a term exceeding one year;

(2) is a fugitive from justice as a result of having fled from any state to avoid prosecution for a crime or to avoid giving testimony in any criminal proceeding;

(3) is an unlawful user of any controlled substance as defined in chapter 152;

(4) has been judicially committed to a treatment facility in Minnesota or elsewhere as a "mentally ill," "mentally retarded," or "mentally ill and dangerous to the public" person as defined in section 253B.02;

(5) is an alien who is illegally or unlawfully in the United States;

(6) has been discharged from the armed forces of the United States under dishonorable conditions; or

(7) has renounced the person's citizenship having been a citizen of the United States.

A person who issues a certificate pursuant to this subdivision in good faith is not liable for damages resulting or arising from the actions or misconduct with a firearm committed by the individual who is the subject of the certificate.

The prohibition in this subdivision relating to the possession of firearms other than pistols and semiautomatic military-style assault weapons does not apply retroactively to persons who are prohibited from possessing a pistol or semiautomatic military-style assault weapon under this subdivision before August 1, 1994.

Sec. 22. Minnesota Statutes 1994, section 626.563, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Child abuse" means any act which involves a minor victim and which constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.2241, 609.255, 609.342, 609.343, 609.344, 609.345, 609.377, or 609.378.

(b) "Significant relationship" means a relationship as defined by section 609.341, subdivision 15.

(c) "Child" means a person under the age of 18 who is the alleged victim of child abuse perpetrated by an adult who has a significant relationship with the child victim.

Sec. 23. Minnesota Statutes 1994, section 629.471, subdivision 3, is amended to read:

Subd. 3. [SIX TIMES THE FINE.] For offenses under sections 518B.01 ~~and~~, 609.224, and 609.2241, the maximum cash bail that may be required for a person charged with a misdemeanor or gross misdemeanor violation is six times the highest cash fine that may be imposed for the offense.

Sec. 24. Minnesota Statutes 1994, section 629.74, is amended to read:

629.74 [PRETRIAL BAIL EVALUATION.]

The local corrections department or its designee shall conduct a pretrial bail evaluation of each defendant arrested and detained for committing a crime of violence as defined in section 624.712, subdivision 5, a gross misdemeanor violation of section 609.224 or 609.2241, or a nonfelony violation of section 518B.01, 609.2231, 609.3451, 609.748, or 609.749. In cases where the defendant requests appointed counsel, the evaluation shall include completion of the financial statement required by section 611.17. The local corrections department shall be reimbursed $25 by the department of corrections for each evaluation performed. The conference of chief judges, in consultation with the department of corrections, shall approve the pretrial evaluation form to be used in each county.

Sec. 25. Minnesota Statutes 1994, section 630.36, subdivision 2, is amended to read:

Subd. 2. [CHILD ABUSE DEFINED.] As used in subdivision 1, "child abuse" means any act which involves a minor victim and which constitutes a violation of section 609.221, 609.222, 609.223, 609.2231, 609.2241, 609.255, 609.321, 609.322, 609.323, 609.324, 609.342, 609.343, 609.344, 609.345, 609.377, 609.378, 617.246, or 609.224 if the minor victim is a family or household member of the defendant.

Sec. 26. Minnesota Statutes 1994, section 631.046, subdivision 1, is amended to read:

Subdivision 1. [CHILD ABUSE AND VIOLENT CRIME CASES.] Notwithstanding any other law, a prosecuting witness under 18 years of age in a case involving child abuse as defined in section 630.36, subdivision 2, a crime of violence, as defined in section 624.712, subdivision 5, or an assault under section 609.224 or 609.2241, may choose to have in attendance or be accompanied by a parent, guardian, or other supportive person, whether or not a witness, at the omnibus hearing or at the trial, during testimony of the prosecuting witness. If the person so chosen is also a prosecuting witness, the prosecution shall present on noticed motion, evidence that the person's attendance is both desired by the prosecuting witness for support and will be helpful to the prosecuting witness. Upon that showing the court shall grant the request unless information presented by the defendant or noticed by the court establishes that the support person's attendance during the testimony of the prosecuting witness would pose a substantial risk of influencing or affecting the content of that testimony.

Sec. 27. [EFFECTIVE DATE.]

Sections 1 to 26, are effective August 1, 1995, and apply to prosecutions commenced on or after that date.

ARTICLE 4

CHILD ABUSE VICTIM VIDEOTAPES

Section 1. Minnesota Statutes 1994, section 13.03, subdivision 6, is amended to read:

Subd. 6. [DISCOVERABILITY OF NOT PUBLIC DATA.] If a state agency, political subdivision, or statewide system opposes discovery of government data or release of data pursuant to court order on the grounds that the data are classified as not public, the party that seeks access to the data may bring before the appropriate presiding judicial officer, arbitrator, or administrative law judge an action to compel discovery or an action in the nature of an action to compel discovery.

The presiding officer shall first decide whether the data are discoverable or releasable pursuant to the rules of evidence and of criminal, civil, or administrative procedure appropriate to the action.

If the data are discoverable the presiding officer shall decide whether the benefit to the party seeking access to the data outweighs any harm to the confidentiality interests of the agency maintaining the data, or of any person who has provided the data or who is the subject of the data, or to the privacy interest of an individual identified in the data. In making the decision, the presiding officer shall consider whether notice to the subject of the data is warranted and, if warranted, what type of notice must be given. The presiding officer may fashion and issue any

protective orders necessary to assure proper handling of the data by the parties. If the data are a videotape of a child victim or alleged victim alleging, explaining, denying, or describing an act of physical or sexual abuse, the presiding officer shall consider the provisions of section 611A.90, subdivision 2, paragraph (b).

Sec. 2. [13.391] [VIDEOTAPES OF CHILD ABUSE VICTIMS.]

(a) Notwithstanding section 13.04, subdivision 3, an individual subject of data may not obtain a copy of a videotape in which a child victim or alleged victim is alleging, explaining, denying, or describing an act of physical or sexual abuse without a court order under section 13.03, subdivision 6, or 611A.90. The definitions of physical abuse and sexual abuse in section 626.556, subdivision 2, apply to this section, except that abuse is not limited to acts by a person responsible for the child's care or in a significant relationship with the child or position of authority.

(b) This section does not limit other rights of access to data by an individual under section 13.04, subdivision 3, other than the right to obtain a copy of the videotape, nor limit rights of access pursuant to discovery in a court proceeding.

Sec. 3. Minnesota Statutes 1994, section 13.82, subdivision 6, is amended to read:

Subd. 6. [ACCESS TO DATA FOR CRIME VICTIMS.] On receipt of a written request, the prosecuting authority shall release investigative data collected by a law enforcement agency to the victim of a criminal act or alleged criminal act or to the victim's legal representative unless the release to the individual subject of the data would be prohibited under section 13.391 or the prosecuting authority reasonably believes:

(a) that the release of that data will interfere with the investigation; or

(b) that the request is prompted by a desire on the part of the requester to engage in unlawful activities.

Sec. 4. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 110. [CHILD ABUSE VIDEO TAPES.] Access to child abuse video tapes prepared as part of an investigation or evaluation is governed by sections 13.391 and 611A.90.

Sec. 5. Minnesota Statutes 1994, section 144.335, subdivision 2, is amended to read:

Subd. 2. [PATIENT ACCESS.] (a) Upon request, a provider shall supply to a patient complete and current information possessed by that provider concerning any diagnosis, treatment and prognosis of the patient in terms and language the patient can reasonably be expected to understand.

(b) Except as provided in paragraph (e), upon a patient's written request, a provider, at a reasonable cost to the patient, shall promptly furnish to the patient (1) copies of the patient's health record, including but not limited to laboratory reports, X-rays, prescriptions, and other technical information used in assessing the patient's health condition, or (2) the pertinent portion of the record relating to a condition specified by the patient. With the consent of the patient, the provider may instead furnish only a summary of the record. The provider may exclude from the health record written speculations about the patient's health condition, except that all information necessary for the patient's informed consent must be provided.

(c) If a provider, as defined in subdivision 1, clause (b)(1), reasonably determines that the information is detrimental to the physical or mental health of the patient, or is likely to cause the patient to inflict self harm, or to harm another, the provider may withhold the information from the patient and may supply the information to an appropriate third party or to another provider, as defined in subdivision 1, clause (b)(1). The other provider or third party may release the information to the patient.

(d) A provider as defined in subdivision 1, clause (b)(3), shall release information upon written request unless, prior to the request, a provider as defined in subdivision 1, clause (b)(1), has designated and described a specific basis for withholding the information as authorized by paragraph (c).

(e) A provider may not release a copy of a videotape of a child victim or alleged victim of physical or sexual abuse without a court order under section 13.03, subdivision 6, or as provided in section 611A.90. This paragraph does not limit the right of a patient to view the videotape.

Sec. 6. [611A.90] [RELEASE OF VIDEOTAPES OF CHILD ABUSE VICTIMS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "physical abuse" and "sexual abuse" have the meanings given in section 626.556, subdivision 2, except that abuse is not limited to acts by a person responsible for the child's care or in a significant relationship with the child or position of authority.

Subd. 2. [COURT ORDER REQUIRED.] (a) A custodian of a videotape of a child victim or alleged victim alleging, explaining, denying, or describing an act of physical or sexual abuse as part of an investigation or evaluation of the abuse may not release a copy of the videotape without a court order, notwithstanding that the subject has consented to the release of the videotape or that the release is authorized under law.

(b) The court order may govern the purposes for which the videotape may be used, reproduction, release to other persons, retention and return of copies, and other requirements reasonably necessary for protection of the privacy and best interests of the child.

Subd. 3. [PETITION.] An individual subject of data, as defined in section 13.02, or a patient, as defined in section 144.335, who is seeking a copy of a videotape governed by this section may petition the district court in the county where the alleged abuse took place or where the custodian of the videotape resides for an order releasing a copy of the videotape under subdivision 2. Nothing in this section establishes a right to obtain access to a videotape by any other person nor limits a right of a person to obtain access if access is otherwise authorized by law or pursuant to discovery in a court proceeding.

ARTICLE 5

INDEX OF CLASSIFICATIONS OUTSIDE OF CHAPTER 13

Section 1. Minnesota Statutes 1994, section 13.99, subdivision 1, is amended to read:

Subdivision 1. [PROVISIONS CODED IN OTHER CHAPTERS.] The laws enumerated in this section are codified outside of this chapter and classify government data as other than public or place restrictions on access to government data. Except for records of the judiciary, the definitions and general provisions in sections 13.01 to 13.07 and the remedies and penalties provided in sections 13.08 and 13.09 also apply to data and records listed in this section and to other provisions of statute that provide access to government data and records or rights regarding government data similar to those established by section 13.04.

Sec. 2. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 5a. [ETHICAL PRACTICES BOARD OPINIONS.] A request for an ethical practices board advisory opinion and the opinion itself are classified under section 10A.02, subdivision 12.

Sec. 3. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 6d. [AGRICULTURAL COMMODITY HANDLERS.] Access to data filed with the commissioner of agriculture by agricultural commodity handlers is governed by section 17.694, subdivision 1.

Sec. 4. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 11a. [CERTAIN DATA RECEIVED BY COMMISSIONER OF COMMERCE.] Certain data received because of the participation of the commissioner of commerce in various organizations are classified under section 45.012.

Sec. 5. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 11b. [BANK INCORPORATORS DATA.] Financial data on individuals submitted by incorporators proposing to organize a bank are classified under section 46.041, subdivision 1.

Sec. 6. Minnesota Statutes 1994, section 13.99, subdivision 12, is amended to read:

Subd. 12. [COMMERCE DEPARTMENT DATA ON FINANCIAL INSTITUTIONS.] The disclosure by the commissioner of commerce of facts and information obtained in the course of examining financial institutions and in relation to complaints filed with the commissioner is governed by section 46.07, ~~subdivision~~ subdivisions 2 and 3.

Sec. 7. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 12a. [ELECTRONIC FINANCIAL TERMINAL DATA.] Information obtained by the commissioner of commerce in the course of verifying electronic financial terminal equipment is classified under section 47.66.

Sec. 8. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 14a. [SURPLUS LINES INSURER DATA.] Reports and recommendations on the financial condition of eligible surplus lines insurers submitted to the commissioner of commerce are classified under section 60A.208, subdivision 7.

Sec. 9. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 17b. [INSURER FINANCIAL CONDITION DATA.] Recommendations on the financial condition of an insurer submitted to the commissioner of commerce by the insurance guaranty association are classified under section 60C.15.

Sec. 10. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 18a. [INSURER SUPERVISION DATA.] Data on insurers supervised by the commissioner of commerce under chapter 60G are classified under section 60G.03, subdivision 1.

Sec. 11. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 18b. [INSURANCE AGENT TERMINATION.] Access to data on insurance agent terminations held by the commissioner of commerce is governed by section 60K.10.

Sec. 12. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 18c. [ASSOCIATION DATA.] Certain data submitted to the commissioner of commerce by a life and health guaranty association are classified under section 61B.28, subdivision 2.

Sec. 13. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 18d. [SOLICITOR OR AGENT DATA.] Data relating to suspension or revocation of a solicitor's or agent's license are classified under section 62C.17, subdivision 4.

Sec. 14. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 19f. [LEGAL SERVICE PLAN SOLICITOR OR AGENT DATA.] Information contained in a request by a legal service plan for termination of a solicitor's or agent's license is classified under section 62G.20, subdivision 3.

Sec. 15. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 19g. [ANTITRUST EXEMPTION.] Trade secret data submitted in an application for exemption from antitrust laws by health care entities are classified under section 62J.2914, subdivision 5.

Sec. 16. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 19h. [HEALTH CARE COST CONTAINMENT.] Data required to be submitted under health care cost containment provisions are classified by sections 62J.35, subdivision 3, and 62J.45, subdivision 4a.

Sec. 17. Minnesota Statutes 1994, section 13.99, subdivision 20, is amended to read:

Subd. 20. [AUTO THEFT DATA.] The sharing of data on auto thefts between law enforcement and prosecutors and insurers is governed by section ~~65B.81~~ 65B.82.

Sec. 18. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 20a. [INSURANCE CONTRACT DATA.] Certain insurance contract data held by the commissioner of commerce are classified under section 72A.20, subdivision 15.

Sec. 19. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 20b. [HEALTH CLAIMS APPEALS.] Documents that are part of an appeal from denial of health care coverage for experimental treatment are classified under section 72A.327.

Sec. 20. Minnesota Statutes 1994, section 13.99, subdivision 21a, is amended to read:

Subd. 21a. [MINERAL ~~DEPOSIT EVALUATION~~ DATA.] Data submitted in applying for a permit for mineral deposit evaluation and as a result of exploration are classified under section 103I.605, ~~subdivision~~ subdivisions 2 and 4.

Sec. 21. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 21d. [WASTE MANAGEMENT HAULER DATA.] Data on waste management haulers inspected under section 115A.47 are classified under section 115A.47, subdivision 5.

Sec. 22. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 24a. [VOLUNTARY BUY-OUT DATA.] Data obtained by the commissioner of commerce from insurers under the voluntary buy-out law are classified under section 115B.46, subdivision 6.

Sec. 23. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 24b. [PETROLEUM TANK RELEASE.] Certain data in connection with a petroleum tank release are classified under section 115C.03, subdivision 8.

Sec. 24. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 24c. [TOXIC POLLUTION PREVENTION PLANS.] Toxic pollution prevention plans are classified under section 115D.09.

Sec. 25. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 27e. [DEVELOPMENTAL SCREENING.] Data collected in early childhood developmental screening programs are classified under section 123.704.

Sec. 26. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 27f. [TEACHER LICENSE REPORTING.] Data on certain teacher discharges and resignations reported under section 125.09 are classified under that section.

Sec. 27. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 28a. [HIGHER EDUCATION COORDINATING BOARD.] Financial records submitted by schools registering with the higher education coordinating board are classified under section 136A.64.

Sec. 28. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 29b. [PUBLIC HEALTH STUDIES.] Data held by the commissioner of health in connection with public health studies are classified under section 144.053.

Sec. 29. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 29c. [RURAL HOSPITAL GRANTS.] Financial data on individual hospitals under the rural hospital grant program are classified under section 144.147, subdivision 5.

Sec. 30. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 35c. [TRAUMATIC INJURY DATA.] Data on individuals with a brain or spinal injury collected by the commissioner of health are classified under section 144.665.

Sec. 31. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 38b. [LEAD EXPOSURE DATA.] Data on individuals exposed to lead in their residences are classified under section 144.874, subdivision 1.

Sec. 32. Minnesota Statutes 1994, section 13.99, subdivision 42a, is amended to read:

Subd. 42a. [~~PHYSICIAN HEALTH DATA~~ BOARD OF MEDICAL PRACTICE.] ~~Physician health data obtained by the licensing board in connection with a disciplinary action are classified under section 147.091, subdivision 6~~ Data held by the board of medical practice in connection with disciplinary matters are classified under sections 147.01, subdivision 4, and 147.091, subdivision 6.

Sec. 33. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 52b. [UNLICENSED MENTAL HEALTH PRACTITIONERS.] Certain data in connection with the investigation of an unlicensed mental health practitioner are classified under section 148B.66, subdivision 2.

Sec. 34. Minnesota Statutes 1994, section 13.99, subdivision 54, is amended to read:

Subd. 54. [MOTOR VEHICLE REGISTRATION.] ~~The residence address of certain individuals provided to the commissioner of public safety for~~ Various data on motor vehicle registrations ~~is~~ are classified under ~~section~~ sections 168.345 and 168.346.

Sec. 35. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 54b. [DRIVERS' LICENSE CANCELLATIONS.] Access to data on individuals whose driver's licenses have been canceled is governed by section 171.043.

Sec. 36. Minnesota Statutes 1994, section 13.99, subdivision 55, is amended to read:

Subd. 55. [DRIVERS' LICENSE PHOTOGRAPHS AND IMAGES.] Photographs or electronically produced images taken by the commissioner of public safety for drivers' licenses are classified under section 171.07, subdivision 1a.

Sec. 37. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 56a. [DRIVERS' LICENSE CANCELLATION DUE TO BLINDNESS.] Data on a visual examination performed for purposes of drivers' license cancellation are classified under section 171.32, subdivision 3.

Sec. 38. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 58b. [WORKERS' COMPENSATION COVERAGE.] Access to the identity of anyone reporting that an employer may not have workers' compensation insurance is governed by section 176.184, subdivision 5.

Sec. 39. Minnesota Statutes 1994, section 13.99, subdivision 64, is amended to read:

Subd. 64. [HEALTH LICENSING BOARDS.] Data ~~received~~ held by health licensing boards ~~from the commissioner of human services~~ are classified under ~~section~~ sections 214.10, subdivision 8, and 214.25, subdivision 1.

Sec. 40. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 64a. [COMBINED BOARDS DATA.] Data held by licensing boards participating in a health professional services program are classified under sections 214.34 and 214.35.

Sec. 41. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 74c. [OMBUDSMAN ON AGING.] Data held by the ombudsman on aging are classified under section 256.9744.

Sec. 42. Minnesota Statutes 1994, section 13.99, subdivision 78, is amended to read:

Subd. 78. [~~ADOPTEE'S ORIGINAL BIRTH CERTIFICATE~~ ADOPTION RECORDS.] Various adoption records are classified under section 259.53, subdivision 1. Access to the original birth certificate of a person who has been adopted is governed by section 259.89.

Sec. 43. Minnesota Statutes 1994, section 13.99, subdivision 79, is amended to read:

Subd. 79. [PEACE OFFICERS, COURT SERVICES, AND CORRECTIONS RECORDS OF JUVENILES.] Inspection and maintenance of juvenile records held by police and the commissioner of corrections ~~are governed by section 260.161, subdivision 3.~~ and disclosure to school officials of court services data on juveniles adjudicated delinquent ~~is~~ are governed by section 260.161~~, subdivision 1b~~.

Sec. 44. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 81b. [MINNESOTA YOUTH PROGRAM.] Data on individuals under the Minnesota youth program are classified under section 268.561, subdivision 7.

Sec. 45. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 90a. [CRIMINAL JUSTICE INFORMATION NETWORK.] Data collected by the criminal justice data communications network are classified under section 299C.46, subdivision 5.

Sec. 46. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 92e. [PROFESSIONAL CORPORATIONS.] Access to records of a professional corporation held by a licensing board under section 319A.17 is governed by that section.

Sec. 47. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 92f. [PRIVATE DETECTIVE LICENSE.] Certain data on applicants for licensure as private detectives are classified under section 326.3382, subdivision 3.

Sec. 48. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 98a. [ARENA ACQUISITION.] Certain data in connection with a decision whether to acquire a sports arena are classified under section 473.598, subdivision 4.

Sec. 49. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 98b. [METROPOLITAN AIRPORTS COMMISSION.] Certain airline data submitted to the metropolitan airports commission in connection with the issuance of revenue bonds are classified under section 473.6671, subdivision 3.

Sec. 50. Minnesota Statutes 1994, section 13.99, subdivision 112, is amended to read:

Subd. 112. [CHILD ABUSE REPORT RECORDS.] Data contained in child abuse report records are classified under section 626.556~~, subdivisions 11 and 11b~~.

Sec. 51. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 113a. [CHILD PROTECTION TEAM.] Data acquired by a case consultation committee or subcommittee of a child protection team are classified by section 626.558, subdivision 3."

Delete the title and insert:

"A bill for an act relating to privacy; providing for the classification of and access to government data; clarifying data provisions; recodifying statutes on crime of domestic assault; providing for an information policy training program; indexing statutes that restrict data access and are located outside chapter 13; prescribing penalties; appropriating money; amending Minnesota Statutes 1994, sections 13.03, subdivision 6; 13.06, subdivision 7; 13.072, subdivision

1, and by adding a subdivision; 13.10, subdivision 5; 13.31, subdivision 1; 13.32, subdivision 2; 13.43, subdivisions 2, 5, and by adding a subdivision; 13.46, subdivisions 1, 2, and 10; 13.49; 13.50, subdivision 2; 13.551; 13.79; 13.793; 13.82, subdivisions 3a, 5, 6, 10, and by adding subdivisions; 13.83, subdivision 2; 13.89, subdivision 1; 13.90; 13.99, subdivisions 1, 12, 20, 21a, 42a, 54, 55, 64, 78, 79, 112, and by adding subdivisions; 41B.211; 128C.17; 144.0721, subdivision 2; 144.218, subdivision 4; 144.225, by adding a subdivision; 144.335, subdivisions 2, and 3a; 144.3351; 148B.68, subdivision 1; 171.07, subdivision 1a; 171.12, subdivision 3; 253B.02, subdivision 4a; 259.10; 260.015, subdivision 28; 260.161, subdivision 1b; 268.0122, by adding a subdivision; 268.0124; 270B.02, subdivision 3; 270B.03, subdivision 1; 270B.12, subdivision 2; 270B.14, subdivisions 1, as amended, and 11; 299C.11; 299C.61, subdivision 4; 336.9-407; 336.9-411; 363.061, subdivision 2; 383B.225, subdivision 6; 388.24, subdivision 4; 401.065, subdivision 3a; 518B.01, subdivision 14; 609.101, subdivision 2; 609.131, subdivision 2; 609.135, subdivisions 2 and 5a; 609.1352, subdivision 3; 609.185; 609.224, subdivisions 2 and 3; 609.268, subdivision 1; 609.748, subdivision 6; 609.749, subdivisions 4 and 5; 611A.031; 624.713, subdivision 1; 626.563, subdivision 1; 629.471, subdivision 3; 629.74; 630.36, subdivision 2; and 631.046, subdivision 1; Laws 1993, chapter 192, section 110; proposing coding for new law in Minnesota Statutes, chapters 13; 13B; 181; 270B; 609; and 611A; repealing Minnesota Statutes 1994, sections 13.06, subdivision 6; 13.38, subdivision 4; 13.69, subdivision 2; 13.71, subdivisions 9, 10, 11, 12, 13, 14, 15, 16, and 17; and 13B.04; Laws 1990, chapter 566, section 9, as amended; and Laws 1994, chapter 618, article 1, section 47."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Harold R. "Skip" Finn, Gene Merriam, David L. Knutson

House Conferees: (Signed) Mary Jo McGuire, Wesley J. "Wes" Skoglund, Bill Macklin

Mr. Finn moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1279 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1279 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Olson	Samuelson
Beckman	Hanson	Kroening	Ourada	Scheevel
Belanger	Hottinger	Laidig	Pariseau	Spear
Berglin	Janezich	Langseth	Piper	Stevens
Bertram	Johnson, D.J.	Lesewski	Pogemiller	Stumpf
Betzold	Johnson, J.B.	Limmer	Price	Terwilliger
Chandler	Johnston	Marty	Ranum	Vickerman
Cohen	Kelly	Merriam	Reichgott Junge	Wiener
Day	Kiscaden	Morse	Riveness	
Dille	Kleis	Neuville	Robertson	
Finn	Knutson	Novak	Runbeck	
Flynn	Kramer	Oliver	Sams	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Reichgott Junge moved that H.F. No. 1837 be taken from the table. The motion prevailed.

H.F. No. 1837: A bill for an act relating to the organization and operation of state government; reducing 1995 appropriations.

SUSPENSION OF RULES

Ms. Reichgott Junge moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1837 and that the rules of the Senate be so far suspended as to give H.F. No. 1837 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1837 was read the second time.

Mr. Merriam moved to amend H.F. No. 1837 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CAPITAL IMPROVEMENTS

Section 1. [CAPITAL IMPROVEMENTS APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this article.

SUMMARY BY FUND

ADMINISTRATION	$	2,175,000
AGRICULTURE		103,000
NATURAL RESOURCES		5,425,000
POLLUTION CONTROL		750,000
HUMAN SERVICES		148,000
TRANSPORTATION		8,000,000
EDUCATION		23,670,000
MINNESOTA STATE COLLEGES AND UNIVERSITIES		900,000
PUBLIC SAFETY		500,000
BOND SALE EXPENSES		41,000
TOTAL		$41,712,000
Bond Proceeds Fund		9,710,000
Maximum Effort School Loan Fund		23,670,000
Transportation Fund		8,000,000
General Fund		332,000

APPROPRIATIONS

Sec. 2. ADMINISTRATION

Subdivision 1. To the commissioner of administration for the purposes specified in this section	$2,175,000
Subd. 2. Predesign Revenue Department Facility	460,000

As part of the predesign of this facility, the

commissioner of administration shall assume that, to the extent feasible and cost-effective, any new jobs created in the debt collections entity will be located in a county in greater Minnesota that had a population loss of five percent or more between the 1980 and 1990 census.

Subd. 3. Renovate Capitol Building 1,715,000

This appropriation is to predesign, design, renovate, and equip the Capitol building.

$184,000 is from the general fund for furnishings, fixtures, equipment, and relocation expenses.

The unencumbered balance from the appropriation in Laws 1990, chapter 610, article 1, section 18, item (f), to plan to remodel the Capitol, may be used to design and construct this project.

Sec. 3. AGRICULTURE 103,000

This appropriation is to the commissioner of agriculture for completion of a seed potato inspection facility in East Grand Forks.

The debt service cost on bonds sold to provide the money appropriated in this section must be paid from potato inspection fees charged and collected by the commissioner of agriculture under Minnesota Statutes, sections 21.115 and 27.07. Inspection fees established by the commissioner of agriculture must include appropriate charges for this debt service, which are appropriated to the commissioner for payment to the commissioner of finance under Minnesota Statutes, section 16A.643.

Sec. 4. OFFICE OF ENVIRONMENTAL ASSISTANCE

The appropriation in Laws 1994, chapter 643, section 24, subdivision 4, for a solid waste capital assistance program is transferred from the commissioner of the pollution control agency to the director of the office of environmental assistance.

Sec. 5. NATURAL RESOURCES

Subdivision 1. To the commissioner of natural resources for the purposes specified in this section 5,425,000

Subd. 2. Cannon Valley Trail Repair 175,000

This appropriation is for repair of erosion damage to the Cannon Valley Trail in the vicinity of milepost 80.

This appropriation is available only when the commissioner has determined that the Cannon

Valley Trail joint powers board has committed sufficient additional money to complete the project.

Subd. 3. Eagle Creek Acquisition 5,250,000

This appropriation is for acquisition and protection of the state-designated trout stream named Eagle Creek, together with associated springs, seeps, wetlands, and adjacent lands within the watershed necessary for the protection of the creek. The lands and waters to be acquired are located in the Minnesota River Valley in Sections 7 and 18, Township 115N, Range 21W, and Section 13, Township 115N, Range 22W. The acquired lands and waters must be established by the commissioner as an aquatic management area under Minnesota Statutes, section 86A.05, subdivision 14.

Notwithstanding Minnesota Statutes, section 84.944, subdivision 3, county approval is not required for acquisition of lands and waters described in this subdivision under Minnesota Statutes, section 84.994.

Sec. 6. POLLUTION CONTROL AGENCY 750,000

This appropriation is to the commissioner of the pollution control agency for combined sewer overflow grants to the city of Red Wing under Minnesota Statutes, section 116.162, for projects to be begun in fiscal year 1996. The total amount of grants under this section must not exceed one-half of the capital costs of the city of Red Wing to abate combined sewer overflow.

Sec. 7. HUMAN SERVICES 148,000

This appropriation is from the general fund to the commissioner of human services to demolish building No. 30 at the Moose Lake Regional Treatment Center. The commissioner shall seek reimbursement through the federal Health Care Finance Agency based on Medicare principles of reimbursements.

Sec. 8. TRANSPORTATION 8,000,000

This appropriation is from the Minnesota state transportation fund for grants to political subdivisions for the construction and reconstruction of key bridges on the state transportation system.

Political subdivisions may use grants made under this section for purposes of construction and reconstruction of bridges, including:

(1) matching federal-aid grants for the construction or reconstruction of key bridges;

(2) paying the costs of abandoning an existing bridge that is deficient and in need of replacement, but where no replacement will be made;

(3) paying the costs of constructing a road or street that would facilitate the abandonment of an existing bridge determined by the commissioner to be deficient, if the commissioner determines that construction of the road or street is more cost efficient than replacement of the existing bridge; and

(4) paying the costs of preliminary engineering and environmental studies authorized under Minnesota Statutes, section 174.50, subdivision 6a.

Sec. 9. EDUCATION

Subdivision 1. To the commissioner of education for the purposes specified in this section 23,670,000

Subd. 2. Loan Approval

This appropriation is from the maximum effort school loan fund to make capital loans to school districts to whom loans are approved in this subdivision, as provided in Minnesota Statutes, sections 124.36 to 124.46.

Capital loans are approved to independent school district No. 727, Big Lake, in the amount of $9,770,000; and, notwithstanding the priority in Laws 1993, chapter 224, article 5, section 45, to independent school district No. 36, Kelliher, in the amount of $6,900,000, and to independent school district No. 362, Littlefork-Big Falls, in the amount of $7,000,000.

Subd. 3. Commissioner Review

The commissioner of education shall review the proposed plan and budget of the projects approved in this section and may reduce the amount of a loan to ensure that a project will be economical. The commissioner may recover the cost incurred by the commissioner for any professional services associated with the final review by reducing the proceeds of the loan paid to a district.

Sec. 10. MINNESOTA STATE COLLEGES AND UNIVERSITIES 900,000

This appropriation is to the board of trustees of the Minnesota state colleges and universities to acquire land in the vicinity of Metropolitan state university.

The state board for community colleges or the board of trustees of the Minnesota state colleges

and universities may acquire land in the vicinity of Normandale community college for parking facilities.

Sec. 11. PUBLIC SAFETY 500,000

This appropriation is for a grant to the city of Parkers Prairie to assist with the design and construction of a fire hall, city hall, and water tower to replace those damaged by a propane explosion in April 1995.

Sec. 12. BOND SALE EXPENSES 41,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 13. BOND SALE SCHEDULE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 1997, no more than $458,624,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold, the commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 14. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $9,710,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the state transportation fund, the commissioner of finance, on request of the governor, shall sell and issue general obligation bonds of the state in an amount up to $8,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Subd. 3. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated by this article from the maximum effort school loan fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $23,670,000 in the manner, on the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the

bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Sec. 15. [16A.642] [PERIODIC REPORTS ON THE STATUS OF AUTHORIZED AND OUTSTANDING STATE BONDS.]

The commissioner of finance shall report to the chairs of the senate committee on finance and the house of representatives committee on ways and means by February 1 of each even-numbered year on the following:

(1) all state building projects for which bonds have been authorized and issued by a law enacted more than five years before February 1 of that even-numbered year and of which 20 percent or less of a project's authorization has been encumbered or otherwise obligated for the purpose stated in the law authorizing the issue; and

(2) all state bonds authorized and issued for purposes other than building projects reported under clause (1), by a law enacted more than five years before February 1 of that even-numbered year, and the amount of any balance that is unencumbered or otherwise not obligated for the purpose stated in the law authorizing the issue.

The commissioner shall also report on bond authorizations or bond proceed balances that may be canceled because projects have been canceled, completed, or otherwise concluded, or because the purposes for which the bonds were authorized or issued have been canceled, completed, or otherwise concluded.

Sec. 16. Minnesota Statutes 1994, section 16A.672, is amended by adding a subdivision to read:

Subd. 12. [EXCHANGE LISTING.] The commissioner may provide for listing of any bonds or certificates of indebtedness on an exchange or similar arrangement to facilitate their sale and exchange in the secondary market.

Sec. 17. Minnesota Statutes 1994, section 16A.672, is amended by adding a subdivision to read:

Subd. 13. [CONTINUING DISCLOSURE AGREEMENTS.] The commissioner and any other officer of a state department or state agency charged with the responsibility of issuing bonds for or on behalf of the state department or agency, may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with, or facilitate the issuance of bonds in accordance with, federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. An agreement may be in the form of covenants with purchasers and holders of bonds set forth in the order or resolution authorizing the issuance of the bonds, or a separate document authorized by the order or resolution.

Sec. 18. Minnesota Statutes 1994, section 16A.695, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "State bond financed property" means property acquired or bettered in whole or in part with the proceeds of state general obligation bonds authorized to be issued under article XI, section 5, clause (a), of the Minnesota Constitution.

(c) "Public officer or agency" means a state officer or agency, the University of Minnesota, the Minnesota historical society, and any county, home rule charter or statutory city, school district, special purpose district, or other public entity, or any officer or employee thereof.

(d) "Fair market value" means, with respect to the sale of state bond financed property, the price that would be paid by a willing and qualified buyer to a willing and qualified seller as determined by an appraisal of the property, or the price bid by a purchaser under a public bid procedure after reasonable public notice.

(e) "Outstanding state bonds" means the dollar amount certified by the commissioner, upon the

request of a public officer or agency, to be the principal amount of state bonds, including any refunding bonds, issued with respect to the state bond financed property, less the principal amount of state bonds paid or defeased before the date of the request.

Sec. 19. Minnesota Statutes 1994, section 16A.695, subdivision 2, is amended to read:

Subd. 2. [LEASES AND MANAGEMENT CONTRACTS.] (a) A public officer or agency that is authorized by law to lease or enter into a management contract with respect to state bond financed property shall comply with this subdivision.

(b) The lease or management contract may be entered into for the express purpose of carrying out a governmental program established or authorized by law and established by official action of the contracting public officer or agency, in accordance with orders of the commissioner intended to ensure the legality and tax-exempt status of bonds issued to finance the property, and with the approval of the commissioner. A lease or management contract, including any renewals that are solely at the option of the lessee, must be for a term substantially less than the useful life of the property, but may allow renewal beyond that term upon a determination by the lessor that the use continues to carry out the governmental program. A lease or management contract must be terminable by the contracting public officer or agency if the other contracting party defaults under the contract or if the governmental program is terminated or changed, and must provide for program oversight by the contracting public officer or agency. Money received by the public officer or agency under the lease or management contract that is not needed to pay and not authorized to be used to pay operating costs of the property, or to pay the principal, interest, redemption premiums, and other expenses when due on debt related to the property other than state bonds, must be:

(1) paid to the commissioner in the same proportion as the state bond financing is to the total public debt financing for the property, excluding debt issued by a unit of government for which it has no financial liability;

(2) deposited in the state bond fund~~,~~; and

(3) used to pay or redeem or defease bonds issued to finance the property in accordance with the commissioner's order authorizing their issuance~~;~~.

The money paid to the commissioner is appropriated for this purpose.

(c) With the approval of the commissioner, a lease or management contract between a city and a nonprofit corporation under section 471.191, subdivision 1, need not require the lessee to pay rentals sufficient to pay the principal, interest, redemption premiums, and other expenses when due with respect to state bonds issued to acquire and better the facilities.

Sec. 20. Minnesota Statutes 1994, section 16A.695, subdivision 3, is amended to read:

Subd. 3. [SALE OF PROPERTY.] A public officer or agency shall not sell any state bond financed property unless the public officer or agency determines by official action that the property is no longer usable or needed by the public officer or agency to carry out the governmental program for which it was acquired or constructed, the sale is made as authorized by law, the sale is made for fair market value, and the sale is approved by the commissioner. If any state bonds issued to purchase or better the state bond financed property that is sold remain outstanding on the date of sale, the net proceeds of sale must be applied as follows:

(1) if the state bond financed property was acquired and bettered solely with state bond proceeds, the net proceeds of sale must be paid to the commissioner, deposited in the state bond fund, and used to pay or redeem or defease the outstanding state bonds in accordance with the commissioner's order authorizing their issuance, and the proceeds are appropriated for this purpose; or

(2) if the state bond financed property was acquired or bettered partly with state bond proceeds and partly with other money, the net proceeds of sale must ~~first~~ be used: first, to pay ~~or redeem or defease the state bonds as provided in clause (1), and~~ to the state the amount of state bond proceeds used to acquire or better the property; second, to pay in full any outstanding public or private debt incurred to acquire or better the property; and third, any excess over the amount

needed for ~~that purpose~~ those purposes must be divided in proportion to the shares contributed to ~~its~~ the acquisition or betterment of the property and paid to the interested public and private entities, other than any private lender already paid in full, and the proceeds are appropriated for this purpose.

When all of the net proceeds of sale have been applied as provided in this subdivision, this section no longer applies to the property.

Sec. 21. Minnesota Statutes 1994, section 16A.695, is amended by adding a subdivision to read:

Subd. 3a. [INVOLUNTARY SALE OF PROPERTY.] Notwithstanding subdivision 3, this subdivision applies to the sale of state bond financed property by a lender that has provided money to acquire or better the property. Purchase by the lender in a foreclosure sale, acceptance of a deed in lieu of foreclosure, or enforcement of a security interest in personal property, by the lender, is not a sale. Following purchase by the lender, the lender shall not operate the property in a manner inconsistent with the governmental program established as provided in subdivision 2, paragraph (b). The lender shall exercise its best efforts to sell the property to a third party as soon as feasible following acquisition of marketable title to the property by the lender. A sale by the lender must be made as authorized by law and must be made for fair market value.

Sec. 22. Minnesota Statutes 1994, section 124.431, subdivision 2, is amended to read:

Subd. 2. [DISTRICT REQUEST FOR REVIEW AND COMMENT.] A school district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 121.15 on or before July 1 of an odd-numbered year. The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 121.15, subdivision 7, the commissioner shall consider the following criteria in determining whether to make a positive review and comment.

(a) To grant a positive review and comment the commissioner must determine that all of the following conditions are met:

(1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;

(2) the district will serve, on average, at least 80 pupils per grade or is eligible for sparsity revenue;

(3) no form of cooperation with another district would provide the necessary facilities;

(4) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;

(5) the facilities are comparable in size and quality to facilities recently constructed in other districts that are financed without a capital loan;

(6) the district is projected to maintain or increase its average daily membership over the next five years or is eligible for sparsity revenue;

(7) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes;

(8) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility;

(9) the district has made a good faith effort to encourage integration of social service programs within the new facility; and

(10) evaluations by school boards of adjacent districts have been received.

(b) The commissioner may grant a negative review and comment if:

(1) the state demographer has examined the population of the communities to be served by the facility and determined that the communities have not grown during the previous five years;

(2) the state demographer determines that the economic and population bases of the communities to be served by the facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;

(3) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;

(4) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or

(5) if the application is for new construction, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

Sec. 23. Minnesota Statutes 1994, section 124.431, subdivision 5, is amended to read:

Subd. 5. [DISTRICT APPLICATION FOR CAPITAL LOAN.] The school board of a district desiring a capital loan shall adopt a resolution stating the amount proposed to be borrowed, the purpose for which the debt is to be incurred, and an estimate of the dates when the facilities for which the loan is requested will be contracted for and completed. Applications for loans must be accompanied by a copy of the adopted board resolution and copies of the adjacent district evaluations. The evaluation shall be retained by the commissioner as part of a permanent record of the district submitting the evaluation.

Applications must be in the form and accompanied by the additional data required by the commissioner. Applications must be received by the commissioner by ~~November~~ September 1 of an odd-numbered year. A district must resubmit an application each odd-numbered year. Capital loan applications that do not receive voter approval or are not approved in law cancel July 1 of the year following application. When an application is received, the commissioner shall obtain from the commissioner of revenue the information in the revenue department's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.

Sec. 24. Minnesota Statutes 1994, section 124.431, subdivision 6, is amended to read:

Subd. 6. [STATE BOARD REVIEW; DISTRICT PROPOSALS.] By ~~January~~ November 1 of each odd-numbered year, the state board must review all applications for capital loans that have received a positive review and comment. When reviewing applications, the state board shall consider whether the criteria in subdivision 2 have been met. The state board may not approve an application if all of the required deadlines have not been met. The state board may either approve or reject an application for a capital loan.

Sec. 25. Minnesota Statutes 1994, section 124.431, subdivision 7, is amended to read:

Subd. 7. [RECOMMENDATIONS OF THE COMMISSIONER.] The commissioner shall examine and consider applications for capital loans that have been approved by the state board of education, and promptly notify any district rejected by the state board of the state board's decision.

The commissioner shall report each capital loan that has been approved by the state board and that has received voter approval to the education committees of the legislature by ~~February~~ January 1 of each even-numbered year. The commissioner must not report a capital loan that has not received voter approval. The commissioner shall also report on the money remaining in the capital loan account and, if necessary, request that another bond issue be authorized.

Sec. 26. Minnesota Statutes 1994, section 124.431, subdivision 10, is amended to read:

Subd. 10. [DISTRICT REFERENDUM.] After receipt of the review and comment on the project and before ~~February~~ January 1 of the even-numbered year, the question authorizing the borrowing of money for the facilities must be submitted by the school board to the voters of the district at a regular or special election. The question submitted must state the total amount to be borrowed from all sources. Approval of a majority of those voting on the question is sufficient to

authorize the issuance of the obligations on public sale in accordance with chapter 475. The face of the ballot must include the following statement: "APPROVAL OF THIS QUESTION DOES NOT GUARANTEE THAT THE SCHOOL DISTRICT WILL RECEIVE A CAPITAL LOAN FROM THE STATE. THE LOAN MUST BE APPROVED BY THE STATE LEGISLATURE AND IS DEPENDENT ON AVAILABLE FUNDING." The district shall mail to the commissioner of education a certificate by the clerk showing the vote at the election.

Sec. 27. Minnesota Statutes 1994, section 124.494, subdivision 2, is amended to read:

Subd. 2. [REVIEW BY COMMISSIONER.] (a) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall prepare a review and comment on the proposed facility by July 1 of an odd-numbered year, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

(1) a minimum of two or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils, enter into a joint powers agreement;

(2) a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;

(3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;

(4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;

(5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;

(6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;

(7) an educational plan is prepared, that includes input from both community and professional staff;

(8) a combined seniority list for all participating districts is developed by the joint powers board;

(9) an education program is developed that provides for more learning opportunities and course offerings, including the offering of advanced placement courses, for students than is currently available in any single member district;

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical; and

(11) the joint powers board established under clause (2) discusses with technical colleges located in the area how vocational education space in the cooperative secondary facility could be jointly used for secondary and post-secondary purposes.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purpose of paragraph (a), clause (8), each school district must be considered to have started school each year on the same date.

(d) The districts may develop a plan that provides for the location of social service, health, and other programs serving pupils and community residents within the cooperative secondary facility.

The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(e) The districts shall schedule and conduct a meeting on library services. The school districts, in cooperation with the regional public library system and its appropriate member libraries, shall discuss the possibility of including jointly operated library services at the cooperative secondary facility.

(f) The school board of a district that has reorganized under section 122.23 or 122.243 and that is applying for a grant for remodeling or improving an existing facility may act in the place of a joint powers board to meet the criteria of this subdivision.

Sec. 28. Minnesota Statutes 1994, section 124.494, subdivision 3, is amended to read:

Subd. 3. [DISTRICT PROCEDURES.] A joint powers board of a secondary district established under subdivision 2 or a school board of a reorganized district that intends to apply for a grant shall adopt a resolution stating the proposed costs of the project, the purpose for which the costs are to be incurred, and an estimate of the dates when the facilities for which the grant is requested will be contracted for and completed. Applications for the state grants must be accompanied by (a) a copy of the resolution, (b) a certificate by the clerk and treasurer of the joint powers board showing the current outstanding indebtedness of each member district, and (c) a certificate by the county auditor of each county in which a portion of the joint powers district lies showing the information in the auditor's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's certificate shall show, as to each outstanding bond issue of each member district, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rates and due dates and amounts of principal thereon. Applications and necessary data must be in the form prescribed by the commissioner and the rules of the state board of education. Applications must be received by the commissioner by September 1 of an odd-numbered year. When an application is received, the commissioner shall obtain from the commissioner of revenue, and from the public utilities commission when required, the information in their official records that is required to be used in computing the debt limit of the joint powers district under section 475.53, subdivision 4.

Sec. 29. Minnesota Statutes 1994, section 124.494, subdivision 4, is amended to read:

Subd. 4. [AWARD OF GRANTS.] By November 1 of the odd-numbered year, the commissioner shall examine and consider all applications for grants, and if any district is found not qualified, the commissioner shall promptly notify that board.

A grant award is subject to verification by the district as specified in subdivision 6. A grant award for a new facility must not be made until the site of the secondary facility has been determined. A grant award to remodel or improve an existing facility must not be made until the districts have reorganized. If the total amount of the approved applications exceeds the amount that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commissioner shall promptly certify to each qualified district the amount, if any, of the grant awarded to it.

Sec. 30. Minnesota Statutes 1994, section 136.62, subdivision 9, is amended to read:

Subd. 9. [AUTHORIZATION TO SEEK FINANCING.] A community college must not seek financing for child care facilities or parking facilities through the higher education facilities authority, as provided in section 136A.28, subdivision 3, without the explicit authorization of the state board.

Sec. 31. Minnesota Statutes 1994, section 136A.28, subdivision 7, is amended to read:

Subd. 7. "Participating institution of higher education" means an institution of higher education that, under the provisions of sections 136A.25 to 136A.42, undertakes the financing and construction or acquisition of a project or undertakes the refunding or refinancing of obligations or of a mortgage or of advances as provided in sections 136A.25 to 136A.42. Community colleges and technical colleges may be considered participating institutions of higher education for the purpose of financing and constructing child care facilities and parking facilities.

Sec. 32. Minnesota Statutes 1994, section 446A.12, subdivision 1, is amended to read:

Subdivision 1. [BONDING AUTHORITY.] The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed ~~$350,000,000~~ $450,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Sec. 33. Laws 1994, chapter 632, article 3, section 12, is amended to read:

Sec. 12. MILITARY AFFAIRS 50,000

This appropriation is to the adjutant general for a grant to the Minnesota National Guard youth camp to set up and provide initial funding for a foundation to run the camp. The appropriation ~~must be~~ is available only as matched, dollar for dollar, by an equal amount from nonstate sources.

Sec. 34. Laws 1994, chapter 643, section 2, subdivision 15, is amended to read:

Subd. 15. Science Museum of Minnesota 1,000,000

This appropriation is for a grant to the city of St. Paul ~~to plan~~ for predesign and design of a science museum as authorized by section 81, subject to new Minnesota Statutes, section 16A.695.

This appropriation is not available until the city of St. Paul has delivered to the commissioner a certified copy of a resolution of the city of St. Paul requesting payment and evidencing the commitment of the city to make a city-owned riverfront site available for the museum at no cost to the nonprofit organization that will operate the museum and the commissioner has determined that ~~the necessary financing to complete the design of the museum~~ $2 has been committed by nonstate sources for each $1 from this appropriation.

Sec. 35. Laws 1994, chapter 643, section 10, subdivision 10, is amended to read:

Subd. 10. Rochester Technical College 1,200,000

This appropriation is to prepare working drawings for an integrated campus in accordance with this subdivision.

(1) ~~Rochester independent school district No. 535 and~~ The state board of technical colleges may enter into an agreement for the sale of the Rochester Technical College. The sale is contingent on state board of technical colleges

approval ~~and passage of a referendum by the voters in Rochester school district No. 535~~. The sale price shall ~~equal~~ not be less than the appraised value.

It is the intent of the legislature that no technical college program reduction, apart from normal program review, shall occur as a result of this sale.

(2) The sale shall not cause the technical college to lease space or to move to any temporary site.

(3) Prior to the preparation of design documents, the post-secondary boards and the relevant campus staff shall jointly prepare a master academic plan for an integrated campus for the Rochester center facility. The boards shall consider the creation of a polytechnic university. Program review by the higher education coordinating board shall be done in accordance with Minnesota Statutes, section 136A.04. The plan shall be submitted to the higher education board for approval by December 1, 1994. If approved, the plan shall be submitted for review to the higher education finance divisions by January 15, 1995. The state board of technical colleges, in cooperation with the state board of community colleges, shall not proceed with working drawings until ~~after passage of the referendum and~~ after the master academic plan has been approved by the higher education board.

(4) The proceeds from the sale of the technical college ~~to Rochester independent school district No. 535,~~ are appropriated for the planning and construction necessary to integrate technical college programs into the Rochester center and to add or modify space where necessary. The new technical college program space must be attached to and must maximize the current services, space, and programs of the technical college, community college, state university, and University of Minnesota cooperative campus. The state board of technical colleges may not begin construction of this project until the legislature has approved the construction plans.

(5) The state board of technical colleges shall develop a plan to relocate to the Austin, Faribault, and other Southeastern Minnesota campuses all Rochester campus programs that are not essential to the integrated mission planned for the Rochester center facility. This plan must be completed prior to preparing design documents for the technical college addition to the Rochester center.

(6) The state board of technical colleges shall consider relocating the horticulture technology program from the Rochester campus to the Austin campus of Riverland technical college before the start of the 1995-1996 academic year.

Sec. 36. Laws 1994, chapter 643, section 11, subdivision 8, is amended to read:

Subd. 8. Minneapolis Community College 375,000

This appropriation is to prepare ~~working drawings~~ design documents to remodel and construct new space at the campus for joint use with Minneapolis Technical College and Metropolitan State University. The appropriation is available only after an approved master academic plan has been developed for the campus. The master academic plan shall be developed jointly with representation from each of the public post-secondary systems. The higher education board shall review the plan. The appropriation is available if the higher education board approves the plan.

Sec. 37. Laws 1994, chapter 643, section 11, subdivision 13, is amended to read:

Subd. 13. Vermilion Community College 120,000

This appropriation is to prepare schematic plans to remodel and construct space for labs, classrooms, student services, campus center, learning resource center, and institutional services. The appropriation is available only after a master academic plan has been developed for the campus and approved by the higher education board. The master academic plan shall be developed jointly with representation from each of the public post-secondary systems.

Sec. 38. Laws 1994, chapter 643, section 14, subdivision 6, is amended to read:

Subd. 6. Community Service Centers 1,200,000

For a grant to independent school district No. 432, Mahnomen, to construct a community service center at Nay-Tay-Waush in Mahnomen county on the White Earth Indian reservation. The center must be constructed on land leased to the school district by the White Earth Band of Chippewa Indians under a ground lease having an initial term of at least 20 years and a total term of at least 40 years, including renewal options. The school district must contract with the White Earth Band to operate the center on behalf of the school district for the term of the lease and any renewal options, and otherwise subject to new Minnesota Statutes, section 16A.695. The center and all the services provided by the center must be open to the public. This grant is contingent on a match of

$1,300,000 from the White Earth Band of Chippewa Indians.

Sec. 39. Laws 1994, chapter 643, section 19, subdivision 8, is amended to read:

Subd. 8. Battle Point Historic Site 350,000

For ~~construction~~ design of the Battle Point historic site, preliminary plans for which were authorized in Laws 1990, chapter 610, article 1, section 17, and Laws 1992, chapter 558, section 24, subdivision 5.

Notwithstanding Laws 1990, chapter 610, article 1, section 17, the planned educational center will be owned by independent school district No. 115, Cass Lake-Bena, and is subject to Minnesota Statutes, section 16A.695. The center must be constructed on land leased to the school district by the Leech Lake Band of Chippewa Indians under a ground lease having an initial term of at least 20 years and a total term of at least 40 years, including renewal options. The school district must contract with the Leech Lake Band to operate the center on behalf of the council. The center and all classes and programs run by or through the center must be open to the public.

Sec. 40. Laws 1994, chapter 643, section 23, subdivision 7, is amended to read:

Subd. 7. Forestry Air Tanker Facilities 368,000

To ~~replace temporary buildings,~~ upgrade equipment, ~~and~~ construct fuel and fire retardant spill containment systems at air tanker bases at Bemidji, Hibbing, and Brainerd, and replace the temporary building at Bemidji.

$183,000 of this appropriation is for state funding of the Bemidji site and is contingent upon commitment of $200,000 in matching funds from the United States Bureau of Indian Affairs.

Sec. 41. Laws 1994, chapter 643, section 23, subdivision 28, is amended to read:

Subd. 28. Environmental Learning Centers 11,500,000

This appropriation is to the commissioner of natural resources to plan, design, and construct facilities owned by political subdivisions at residential environmental learning centers as provided in this subdivision and new Minnesota Statutes, section 84.0875.

The appropriations in items (a) through (e) are available as follows: (1) of the $7,500,000 total, $5,000,000 is available only when the

commissioner has determined that matching money in the sum of ~~$17,500,000~~ $12,500,000 has been committed by nonstate sources; and (2) the remaining $2,500,000 is available to the extent that matching money in the amount of $2 for each $1 of state money is committed by nonstate sources, as determined by the commissioner, provided that money may not be spent under this sentence until the amount available, including matching money, is sufficient to complete a functional improvement.

(a) Long Lake Conservation Center 1,200,000

This appropriation is for a grant to Aitkin county.

(b) Deep Portage Conservation Reserve 1,470,000

This appropriation is for a grant to Cass county.

(c) Wolf Ridge Environmental Learning Center 2,100,000

This appropriation is for a grant to independent school district No. 381, Lake Superior.

(d) Northwoods Audubon Center 1,080,000

This appropriation is for a grant to independent school district No. 2580, East Central.

(e) Forest Resource Center 1,650,000

This appropriation is for a grant to independent school district No. 229, Lanesboro.

If land and improvements in Fillmore county that were conveyed by the state to Southern Minnesota Forest Resource Center under Laws 1990, chapter 452, section 7, are pledged as security for a loan to assist with the completion of this project, the right of reverter retained by the state is waived in favor of the lender.

(f) Agassiz Environmental Learning Center 300,000

This appropriation is for a grant to the city of Fertile.

(g) Laurentian Environmental Learning Center 450,000

This appropriation is for a grant to independent school district No. 621, Mounds View.

(h) Prairie Woods Environmental Learning Center 250,000

This appropriation is for a grant to Kandiyohi county.

(i) Prairie Wetlands Environmental Learning Center 3,000,000

This appropriation is for a grant to the city of Fergus Falls.

Appropriations in this subdivision must be used for qualified capital expenditures.

Sec. 42. Laws 1994, chapter 643, section 26, subdivision 3, is amended to read:

Subd. 3. RIM Conservation Easement Acquisition 9,000,000

This appropriation is for the purposes specified in paragraphs (a) to (c).

(a) To acquire conservation easements from landowners on marginal lands to protect soil and water quality and to support fish and wildlife habitat as provided in Minnesota Statutes, section 103F.515.

(b) To acquire perpetual conservation easements on existing type 1, 2, and 3 wetlands, adjacent lands, and for the establishment of permanent cover on adjacent lands, in accordance with Minnesota Statutes, section 103F.516.

(c) Up to $300,000 of this appropriation may be used to establish and restore wetlands to provide credits for deposit in the state wetland bank established under Minnesota Statutes, section 103G.2242, subdivision 1. The board may enter into agreements with local government units and the commissioner of transportation for this purpose. An agreement with the commissioner of transportation may provide for borrowing or acquiring existing wetland credits from the wetland bank established by the commissioner. Proceeds from the sale of credits provided under this paragraph are appropriated to the board for the purposes of paragraph (b). Sales of credits provided under this paragraph need not be made for fair market value when the sale is to a public entity.

Sec. 43. Laws 1994, chapter 643, section 26, subdivision 4, is amended to read:

Subd. 4. Work Program

The board of water and soil resources must submit a work program and semiannual progress reports in the form determined by the legislative water commission and request its recommendation before spending any money appropriated by subdivisions 4 2 and ~~5~~ 3. The commission's recommendation is advisory only. Failure to respond to a request within 60 days after receipt is a negative recommendation. Work programs involving land acquisition must include a land acquisition plan.

Sec. 44. [EFFECTIVE DATE.]

This article is effective the day after its final enactment; section 16 applies to state bonds and certificates of indebtedness, regardless of whether they were issued on, before, or after that date.

ARTICLE 2

APPROPRIATION REDUCTIONS

Section 1. [APPROPRIATION REDUCTIONS; SUMMARY.]

Subdivision 1. [SUMMARY.] The amounts set forth in parentheses in the column headed "APPROPRIATION REDUCTIONS" are reductions from appropriations for the fiscal year ending June 30, 1995.

SUMMARY BY FUND

	APPROPRIATION REDUCTIONS
General Fund	$ (10,699,000)
Subd. 2. Legislative Coordinating Commission	(500,000)
This reduction is taken from appropriations made in Laws 1993, chapter 192, Laws 1994, chapter 632, or other law, and shall be allocated by the legislative coordinating commission among the senate, the house of representatives, and the legislative commissions.	
Subd. 3. ENVIRONMENT AND NATURAL RESOURCES	
(a) Department of Agriculture	(113,000)
(b) Office of Environmental Assistance	(50,000)
(c) Pollution Control Agency	(569,000)
(d) Department of Natural Resources	(802,000)
Subd. 4. EDUCATION	
Department of Education	(200,000)
Subd. 5. HEALTH AND HUMAN SERVICES	
(a) Department of Human Services	(2,000,000)
(b) Department of Health	(250,000)
Subd. 6. TRANSPORTATION	
(a) Department of Transportation	(70,000)
(b) Department of Public Safety	(128,000)
Subd. 7. ECONOMIC DEVELOPMENT, INFRASTRUCTURE, AND REGULATION	
(a) Department of Commerce	(503,000)
(b) Department of Economic Security	(78,000)
(c) Department of Labor and Industry	(139,000)
(d) Department of Public Service	(175,000)
(e) Department of Trade and Economic Development	(371,000)
Subd. 8. STATE GOVERNMENT	
(a) Department of Administration	(200,000)
(b) Department of Employee Relations	(600,000)

(c) Department of Finance	(350,000)
(d) Department of Human Rights	(85,000)
(e) Department of Military Affairs	(292,000)
(f) Department of Revenue	(600,000)
Subd. 9. JUDICIARY FINANCE	
(a) Department of Corrections	(2,510,000)
(b) Department of Public Safety	(114,000)

Sec. 2. [AGENCY DUTIES TO UNALLOT.]

Each agency of the executive branch shall unallot as necessary to accomplish its reductions. Each executive branch agency shall provide a listing to the commissioner of finance, the chair of the senate finance committee, and the chair of the ways and means committee of the house of representatives by June 1, 1995, of the appropriation accounts to be reduced. The commissioner of finance shall effect these reductions by June 15, 1995.

Sec. 3. [APPROPRIATION.]

$20,000 is appropriated from the general fund to the peace officer standards and training board for the fiscal year ending June 30, 1995. This appropriation is added to the appropriation in Laws 1993, chapter 146, article 2, section 2, to provide for staffing and general operating costs of the board, including legal fees.

Sec. 4. [EFFECTIVE DATE.]

This article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing sale of state bonds; requiring periodic reports on the status of authorized and outstanding state bonds; reducing 1995 appropriations; appropriating money; amending Minnesota Statutes 1994, sections 16A.672, by adding subdivisions; 16A.695, subdivisions 1, 2, 3, and by adding a subdivision; 124.431, subdivisions 2, 5, 6, 7, and 10; 124.494, subdivisions 2, 3, and 4; 136.62, subdivision 9; 136A.28, subdivision 7; 446A.12, subdivision 1; Laws 1994, chapters 632, article 3, section 12; 643, sections 2, subdivision 15; 10, subdivision 10; 11, subdivisions 8 and 13; 14, subdivision 6; 19, subdivision 8; 23, subdivisions 7 and 28; and 26, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapter 16A."

The motion prevailed. So the amendment was adopted.

H.F. No. 1837 was read the third time.

Mr. Merriam moved that H.F. No. 1837 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Executive and Official Communications.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and I am returning Chapter 196, Senate File 537/House File 797, a bill requiring refund of certain license fees.

Under the provisions of this bill, the Department of Public Safety would have to refund any driver's license, instruction permit, duplicate license or state identification card not received within six weeks of application. A separate section adds a requirement that all contracts be reviewed for consistency with the authorizing law.

This bill is a knee-jerk, quick-fix reaction to the contract problems the Driver and Vehicle Services Division (DVS) experienced last summer in converting from the old manner of distributing licenses to a computer-based imaging system. It would be easy to assert that the department made a mistake and should therefore pay. But that would be fallacious.

The basic assumption that the Department of Public Safety receives all of the $18.50 cost of a driver's license - and thus should refund that money - is simply wrong. First of all, $3.50 off the top goes to Deputy Registrars across the state. The department receives 79 percent of the remaining $15, the remainder goes to to the Trunk Highway Fund. Out of $18.50, DPS receives $11.85. That money then goes to driver license issuance and funds various other vehicle services like driver training, evaluation and examinations, accident records, traffic and no-fault conviction entry.

This is the same as cutting the legislature's overall budget because one subcommittee made a process error. It is unreasonable and unacceptable to put the State at such a large financial risk. It would also harm too many good programs.

The causes for the delays need to be correctly brought to attention. Briefly, the unfortunate delays were caused by the combination of two events. One, the legislature mandated that there be a new system in place seven months after the bill was enacted. Two, a restraining order halted the project and prevented a gradual phase-in of the new system. Because it is long-standing administrative practice to make sure agencies comply with legislative intent, DVS was forced to go on-line with a system that had not been tested to meet the legislature's timeline. Without adequate time to test the system, undue strain was placed on the system and resulted in the delays.

This bill would not have prevented the delays. So the purported design of the legislation, making the department accountable, is not accomplished. Instead, had the bill been in place, roughly 878,000 refunds would have been made. It would have cost the department - and therefore the taxpayers - over $16 million. From where would that money come? The legislation is silent on any remedy. Would the legislature propose raising the fees by $5 or $10 to fill the hole? I do not feel the taxpayers would feel better if, because the $18.50 was refunded this year, it went up to $23 or $28 next year.

The provision relating to contract review is also unacceptable because, as stated above, it is current policy. It is superfluous language that just increases the size of our statutes. The delay in issuing licenses was regrettable. The department has done a good job in fixing the delays and ensuring that there were no additional cost to the State.

Warmest regards,
Arne H. Carlson, Governor

Ms. Reichgott Junge moved that S.F. No. 537 and the veto message thereon be laid on the table. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

S.F. No. 1705: A bill for an act relating to legislative enactments; correcting miscellaneous noncontroversial oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1994, section 323.02, subdivision 9, as amended.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 15, insert:

"Sec. 2. [CORRECTION 1.] Minnesota Statutes 1994, section 144A.071, subdivision 4a, as amended by 1995 S.F. No. 1110, article 7, section 11, if enacted, is amended to read:

Sec. 11. Minnesota Statutes 1994, section 144A.071, subdivision 4a, is amended to read:

Subd. 4a. [EXCEPTIONS FOR REPLACEMENT BEDS.] It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.

The commissioner of health in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

(i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(ii) at the time the facility was destroyed or damaged the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility or repairs;

(iv) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5;

(v) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility; and

(vi) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds.

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar threshold amount defined in subdivision 2;

(b) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed 25 percent of the appraised value of the facility or $500,000, whichever is less;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(e) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed 25 percent of the appraised value of the facility or $500,000, whichever is less. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase beyond the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of St. Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this paragraph;

(g) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or $200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of $200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility condemned as part of an economic redevelopment plan in a city of the first class, provided the new facility is located within one mile of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under existing reimbursement rules;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed 25 percent of the appraised value of the facility or $500,000, whichever is less;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly-constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1997;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass county and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993;

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a $100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:

(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073;

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(q) to license and certify beds in a renovation and remodeling project to convert 13 three-bed

wards into 13 two-bed rooms and 13 single-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county; was not owned by a hospital corporation; had a licensed capacity of 64 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(r) to license and certify beds in a renovation and remodeling project to convert 12 four-bed wards into 24 two-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county; had a licensed capacity of 154 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(s) to license and certify up to 117 beds that are relocated from a licensed and certified 138-bed nursing facility located in St. Paul to a hospital with 130 licensed hospital beds located in South St. Paul, provided that the nursing facility and hospital are owned by the same or a related organization and that prior to the date the relocation is completed the hospital ceases operation of its inpatient hospital services at that hospital. After relocation, the nursing facility's status under section 256B.431, subdivision ~~2~~ 2j, shall be the same as it was prior to relocation. The nursing facility's property-related payment rate resulting from the project authorized in this paragraph shall become effective no earlier than April 1, 1996. For purposes of calculating the incremental change in the facility's rental per diem resulting from this project, the allowable appraised value of the nursing facility portion of the existing health care facility physical plant prior to the renovation and relocation may not exceed $2,490,000;

(t) to license and certify two beds in a facility to replace beds that were voluntarily delicensed and decertified on June 28, 1991;

(u) to allow 16 licensed and certified beds located on July 1, 1994, in a 142-bed nursing home and 21-bed boarding care home facility in Minneapolis, notwithstanding the licensure and certification after July 1, 1995, of the Minneapolis facility as a 147-bed nursing home facility after completion of a construction project approved in 1993 under section 144A.073, to be laid away upon 30 days' prior written notice to the commissioner. Beds on layaway status shall have the same status as voluntarily delicensed or decertified beds except that they shall remain subject to the surcharge in section 256.9657. The 16 beds on layaway status may be relicensed as nursing home beds and recertified at any time within five years of the effective date of the layaway upon relocation of some or all of the beds to a licensed and certified facility located in Watertown, provided that the total project construction costs related to the relocation of beds from layaway status for the Watertown facility may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073.

The property-related payment rate of the facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for the facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than five years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified; or

(v) to license and certify beds that are moved within an existing area of a facility or to a newly-constructed addition which is built for the purpose of eliminating three- and four-bed rooms and adding space for dining, lounge areas, bathing rooms, and ancillary service areas in a nursing home that, as of January 1, 1995, was located in Fridley and had a licensed capacity of 129 beds.

Sec. 3. [CORRECTION 2.] 1995 S.F. No. 1110, article 2, section 40, if enacted, is amended to read:

Sec. 40. [EFFECTIVE DATES.]

Subdivision 1. Sections 5 (245A.03, subdivision 2a), 6 (245A.035, subdivisions 1 to 6), 7 to 10 (245A.04, subdivisions 3, 3b, 7, and 9), 11 to 13 (245A.06, subdivisions 2, 4, and 7), 14 (245A.07, subdivision 3), and 20 (245A.14, subdivision 6), are effective the day following final enactment.

Subd. 2. Under Minnesota Statutes, section 645.023, subdivision 1, clause (a), section ~~32~~ 37, takes effect, without local approval, the day following final enactment.

Sec. 4. [CORRECTION 3.] Minnesota Statutes 1994, section 256D.44, subdivision 3, as amended by S.F. No. 1110, if enacted, is amended to read:

Subd. 3. [STANDARD OF ASSISTANCE FOR BASIC NEEDS.] Except as provided in subdivision 4, the monthly state standard of assistance for basic needs is as follows:

(a) If an applicant or recipient does not reside with another person or persons, the state standard of assistance is $519.

(b) If an applicant married couple or recipient married couple who live together, does not reside with others, the state standard of assistance is $778.

(c) If an applicant or recipient resides with another person or persons, the state standard of assistance is $395.

(d) If an applicant married couple or recipient married couple who live together, resides with others, the state standard of assistance is $519.

(e) Married couples, living together who do not reside with others and were receiving MSA prior to January 1, 1994, and whose eligibility has not been terminated a full calendar month, the state standard of assistance is $793.

(f) Married couples living together who reside with others and were receiving MSA prior to January 1, 1994, and whose eligibility has not been terminated a full calendar month, the state standard of assistance is ~~$682~~ $782.

(g) For an individual who is a resident of a nursing home, a regional treatment center or a group residential housing facility, the state standard of assistance is the personal needs allowance for medical assistance recipients under section 256B.35.

Sec. 5. [CORRECTION 4.] 1995 S.F. No. 1110, article 5, section 41, if enacted, is amended to read:

Sec. 41. [EFFECTIVE DATES.]

Section 31 ~~(256I.04, subdivision 3)~~, the amendment to section 256I.04, subdivision 3, paragraph (a), clause (5), is effective July 1, 1996.

Sec. 6. [CORRECTION 5.] 1995 S.F. No. 1110, article 6, section 125, if enacted, is amended to read:

Sec. 125. [EFFECTIVE DATE.]

Subdivision 1. Sections 79 and 80, the amendments to section 256B.15, subdivisions 1a and 2, relating only to the age of a medical assistance recipient for purposes of estate claims, are effective for persons who are between the ages of 55 and 64 on or after July 1, 1995, for the total amount of medical assistance rendered on or after July 1, 1995.

Subd. 2. Sections 34 to 37, section 256B.0595, subdivisions 1, 2, 3, and 4, are effective retroactive to August 11, 1993, except that portion amending subdivision 2, paragraph (c), is effective retroactive to transfers of income or assets made on or after September 1, 1994.

Subd. 3. Sections 28, 108, and 109, sections 256B.056, subdivision 3b, and 501B.89, subdivisions 1 and 3, are effective retroactive to August 11, 1993.

Subd. 4. Sections 14, 49, 84, and 86, sections 256.9657, subdivision 3, 256B.0625, subdivision 38, 256B.19, subdivision 1d, and 256B.431, subdivision 23, are effective the day following final enactment.

Subd. 5. Section 30, the amendment to section 256B.0575, paragraph (a), clause (5), is effective retroactive to January 1, 1994.

Subd. 6. Section 91, the amendment to section 256B.69, subdivision 4, requiring children eligible for medical assistance under section 256B.055, subdivision 12, to participate in managed care, is effective July 1, 1996.

Subd. 7. Section 96, the amendment to section 256B.69, subdivision 6, expanding services under managed care to include home care services and personal care assistant services for certain recipients, is effective July 1, 1996.

Subd. 8. Section 48, section 256B.0625, subdivision 19a, is effective July 1, 1996.

Subd. 9. Section 52, section 256B.0627, subdivision 1, paragraph (c), is effective January 1, 1996; paragraph (d) is effective January 1, 1996, except the deletions relating to responsible party are effective July 1, 1996; and the stricken paragraph (d), the deletion of the definition of responsible party, is effective July 1, 1996.

Subd. 10. Section 53, section 256B.0627, subdivision 2, clause (6), is effective January 1, 1996.

Subd. 11. Section 54, section 256B.0627, subdivision 4, paragraph (a), is effective July 1, 1996; and paragraph (b), clauses (2) and (3), are effective January 1, 1996; and the stricken language in clause (1) and the stricken language in the stricken clause (4), are effective July 1, 1996.

Subd. 12. Section 55, section 256B.0627, subdivision 5, paragraph (a), clause (2), is effective January 1, 1996; paragraph (d) is effective January 1, 1996; paragraph (e), clause (2)(i), the new language relating to the registered nurse supervision is effective January 1, 1996; paragraph (e), clause (2)(i)A, B, C, D, and E, are effective July 1, 1996; paragraph (e), clause (2)(ii), is effective July 1, 1996; paragraph (e), clause (2)(iii), the new language relating to county public health nurse, is effective January 1, 1996, and the stricken language relating to the seizure activity provision, is effective July 1, 1996; paragraph (e), clause (2), the language striking items (v) to (viii), is effective July 1, 1996; paragraph (h), is effective January 1, 1996; and paragraph (i), clause (2), the stricken language relating to the foster care license holder, and the language in the stricken clause (3) relating to the responsible party, is effective July 1, 1996.

Sec. 7. [CORRECTION 6.] 1995 S.F. No. 1110, article 10, section 26, if enacted, is amended to read:

Sec. 26. [EFFECTIVE DATE.]

Sections 1 to ~~6~~ 4 and 14 to 19 (62A.045; 62A.046; 62A.048; 62A.27; ~~256.74, subdivision 6; 256.76, subdivision 1;~~ 257.69, subdivision 2; 518.171, subdivisions 1, 3, 4, 5, and 7) are effective retroactive to August 10, 1993.

Sec. 8. [CORRECTION 7.] Minnesota Statutes 1994, section 256B.0913, subdivision 15, as added by S.F. No. 1110, if enacted, is amended to read:

Subd. 15a. [REIMBURSEMENT RATE; ANOKA COUNTY.] Notwithstanding subdivision 14, paragraph (e), or any other law to the contrary, for services rendered on or after January 1, 1996, Anoka county may pay vendors, and the commissioner shall reimburse the county, for actual costs up to a limit which is the maximum rate in effect on December 31, 1995, plus half the difference between that rate and the maximum allowed state rate for home health aide and homemaker services.

Sec. 9. [CORRECTION 8.] Minnesota Statutes 1994, section 256B.0915, subdivision 3a, as added by 1995 S.F. No. 1110, if enacted, is amended to read:

Subd. 3a. [REIMBURSEMENT RATE; ANOKA COUNTY.] Notwithstanding subdivision 3, paragraph (h), or any other law to the contrary, for services rendered on or after January 1, 1996,

Anoka county may pay vendors, and the commissioner shall reimburse the county, for actual costs up to a limit which is the maximum rate in effect on December 31, 1995, plus half the difference between that rate and the maximum allowed state rate for home health aide and homemaker services.

Sec. 10. [CORRECTION 11.] Minnesota Statutes 1994, section 256B.0625, subdivision 13, as amended by 1995 S.F. No. 1110, if enacted, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control. The commissioner, after receiving recommendations from professional medical associations and professional pharmacist associations, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve three-year terms and shall serve without compensation. Members may be reappointed once.

(b) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include:

(i) drugs or products for which there is no federal funding;

(ii) over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, and vitamins for children under the age of seven and pregnant or nursing women;

(iii) any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14;

(iv) anorectics; and

(v) drugs for which medical value has not been established.

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(c) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The pharmacy dispensing fee shall be $3.85. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus nine percent ~~effective January 1, 1994~~. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of $.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2.

Sec. 11. [CORRECTION 12.] 1995 S.F. No. 1110, article 6, section 123, if enacted, is amended to read:

Sec. 123. [TEFRA MANAGED CARE ADVISORY COMMITTEE AND PROGRESS REPORT.]

Subdivision 1. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee to assist with the development of managed care for children eligible for medical assistance under Minnesota Statutes, section 256B.055, subdivision 12. The advisory committee shall include representatives of parents, advocates, health plan companies, health care providers serving the children, counties, and other other interested persons.

Subd. 2. [PROGRESS REPORT.] The ~~commission~~ commissioner shall report to the legislature by December 15, 1995, regarding progress toward implementing managed care. The report shall make recommendations regarding the following: any law changes needed for effective implementation; how to coordinate with other insurance coverage the families may have; how managed care plans would operate as to varying coverage; what services would be available, including any gaps under managed care plans; and whether going to managed care results in cost savings to the state. The report shall also provide information by county and major diagnoses of children found eligible and ineligible for TEFRA, the services and amounts paid by the medical assistance program, name of health insurance plan, family income, and total number of TEFRA eligible children in each county.

Sec. 12. [CORRECTION 15.] 1995 S.F. No. 106, section 142, if enacted, is amended to read:

Sec. 142. [EFFECTIVE DATES.]

Sections 2, 5, 7, 20, 42, 44 to 49, 56, 57, 101, 102, 117, and 141, paragraph (d), are effective the day following final enactment.

Sections 114, 115, 118, and 121 are effective January 1, 1996.

Sections 119, 120, and 141, paragraph (c), are effective July 1, 1996.

Section 141, paragraph (b), is effective June 30, 1999.

Sections 58 and 66 are effective retroactively to August 1, 1991.

Sec. 13. [CORRECTION 16.] 1995 S.F. No. 106, section 16, if enacted, is amended to read:

Sec. 16. PUBLIC SAFETY 50,000

$50,000 is appropriated from the highway user tax distribution fund to the commissioner of public safety for costs of handling and manufacturing special license plates under section ~~85~~ 112.

Sec. 14. [CORRECTION 18.] 1995 S.F. No. 1110, article 7, section 8, if enacted, is amended to read:

Sec. 8. [144.6505] [SUBACUTE CARE WAIVERS.]

Subdivision 1. [SUBACUTE CARE; WAIVER FROM STATE AND FEDERAL RULES AND REGULATIONS.] The commissioners of health and human services shall work with providers to examine state and federal rules and regulations governing the provision of care in nursing facilities and apply for federal waivers and pursue state law changes to any impediments to the provision of subacute care in skilled nursing facilities.

Subd. 2. [DEFINITION OF SUBACUTE CARE.] (a) For the purpose of this section, "subacute care" means comprehensive inpatient care, as further defined in this subdivision, designed for persons who:

(1) have or have had an acute illness or accident, or an acute exacerbation of a chronic illness, and who require a moderate level of service intensity;

(2) do not require, or no longer require, technologically intensive diagnosis or management;

(3) have concurrent medical, nursing, and discharge and/or nondischarge oriented rehabilitation objectives that are expected to be achieved within a specified time; and

(4) require interdisciplinary management.

(b) Subacute care includes goal-oriented treatment rendered immediately after, or as an appropriate alternative to, acute hospitalization with the goal of transitioning patients towards increased independence or lower acuity level in a cost-effective environment, to treat one or more specific active complex medical conditions or to administer one or more technically complex treatments, in the context of a patient's underlying long-term conditions and overall situation.

(c) Subacute care does not generally depend heavily on high technology monitoring or complex diagnostic procedures.

(d) Subacute care requires the coordinated services of an interdisciplinary team including physicians, nurses, and other relevant professional disciplines, who are trained and knowledgeable to assess and manage these specific conditions and perform the necessary procedures.

(e) Subacute care is provided as part of a specifically defined program.

(f) Subacute care includes more intensive care than traditional nursing facility care and less intensive care than acute care and may be provided at a variety of sites, including hospitals and skilled nursing facilities.

(g) Subacute care requires recurrent patient assessment on a daily to weekly basis and review of the clinical course and treatment plan for a limited time period ranging from several days to several months, until the condition is stabilized or a predetermined treatment course is completed.

Sec. 15. [CORRECTION 19.] 1995 H.F. No. 1864, article 6, section 2, subdivision 1, if enacted, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of finance, upon request of the governor, is authorized to sell and issue state bonds to fund the judgment rendered against the state by the Minnesota supreme court in Cambridge State Bank et. al. v. James, 514 N.W. 2d 565, on April 1, 1994, and related claims, and interest accrued ~~thereon~~ on the judgment and related claims, to fund any bond reserve determined to be necessary, and to pay costs of issuance of the bonds. The proceeds of the bonds are appropriated for these purposes. The principal amount of the bonds shall not exceed $400,000,000. The bonds shall be sold and issued upon such terms and in such manner as the commissioner shall determine to be in the best interests of the state. The final maturity of the bonds shall be not later than June 30, 2005.

Sec. 16. [EFFECTIVE DATE.]

Unless provided otherwise, each section of this act takes effect at the time that the section of law enacted in 1995 that it amends or cites takes effect."

Amend the title accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 1705 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pogemiller moved that H.F. No. 1567, No. 1 on the Calendar, be stricken and placed on General Orders. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1567 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1567: A bill for an act relating to public funds; regulating the deposit and investment of these funds, and agreements related to these funds; requiring a study; amending Minnesota Statutes 1994, section 6.745; proposing coding for new law as Minnesota Statutes, chapter 118A; repealing Minnesota Statutes 1994, sections 118.005; 118.01; 118.02; 118.08; 118.09; 118.10; 118.11; 118.12; 118.13; 118.14; 118.16; 124.05; 471.56; 475.66; and 475.76.

Mr. Pogemiller moved to amend H.F. No. 1567, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL AND UNIFORM REVENUE

Section 1. Minnesota Statutes 1994, section 6.62, subdivision 1, is amended to read:

Subdivision 1. [LEVY OF TAX.] Counties, cities and towns are authorized, if necessary, to levy an amount sufficient to pay the expense of a postaudit by the state auditor.

~~A school district is authorized to levy an amount sufficient to pay for the expense of a postaudit by the state auditor if the audit is performed at the discretion of the state auditor pursuant to section 6.51 or if the audit has been requested through a petition by eligible voters pursuant to section 6.54. A school district is not authorized to levy these amounts if the postaudit by the state auditor is requested by the school board pursuant to section 6.55.~~

Sec. 2. Minnesota Statutes 1994, section 121.15, subdivision 6, is amended to read:

Subd. 6. [REVIEW AND COMMENT.] ~~No referendum for bonds or solicitation of bids~~ A school district must not initiate an installment contract for purchase, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of $400,000 per school site ~~shall be initiated~~ prior to review and comment by the commissioner. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 3. Minnesota Statutes 1994, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to section 124.914, subdivision 1.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the May, June, and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus an amount equal to the levy recognized as revenue in June of the prior year plus ~~37.4~~ 48 percent for fiscal year ~~1994~~ 1996 and thereafter of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) ~~37.4~~ 48 percent for fiscal year ~~1994~~ 1996 and thereafter of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 124.914, subdivision 1;

(iii) retirement and severance pay pursuant to sections 122.531, subdivision 9, 124.2725, subdivision 15, 124.4945, 124.912, subdivision 1, and 124.916, subdivision 3, and Laws 1975, chapter 261, section 4;

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, and amounts levied pursuant to section 136C.411; and

(v) amounts levied under section 124.755.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 4. Minnesota Statutes 1994, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. [~~PROPERTY TAX SHIFT REDUCTION~~ CHANGE IN LEVY RECOGNITION PERCENT.] (a) Money appropriated under section 16A.152, subdivision 2, must be used to reduce the levy recognition percent specified in subdivision 4a, clauses (b)(2) and (b)(3), for taxes payable in the succeeding calendar year.

(b) The levy recognition percent shall equal the result of the following computation: the current levy recognition percent, times the ratio of

(1) the statewide total amount of levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1, reduced by the difference between the amount of money appropriated under section 16A.152, subdivision 2, and the amount required for the adjustment payment under clause (d), to

(2) the statewide total amount of the levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1.

The result shall be rounded up to the nearest one-tenth of a percent. However, in no case shall the levy recognition percent be reduced below zero or increased above the current levy recognition percent.

(c) The commissioner of finance must certify to the commissioner of education the levy recognition percent computed under this subdivision by January 5 of each year. The commissioner of education must notify school districts of a change in the levy recognition percent by January 15.

(d) ~~For fiscal years 1994 and 1995,~~ When the levy recognition percent is increased or decreased as provided in this subdivision, a special aid adjustment shall be made to each school district with an operating referendum levy:

(i) When the levy recognition percent is increased from the prior fiscal year, the commissioner of education shall calculate the difference between (1) the amount of the levy under section 124A.03, that is recognized as revenue for the current fiscal year according to subdivision 4a; and (2) the amount of the levy, under section 124A.03, that would have been recognized as revenue for the current fiscal year had the percentage according to subdivision 4a, not been increased. The commissioner shall reduce other aids due the district by the amount of the difference. This aid reduction shall be in addition to the aid reduction required because of the increase pursuant to this subdivision of the levy recognition percent.

(ii) When the levy recognition percent is reduced ~~as provided in this subdivision~~ from the prior fiscal year, a special adjustment payment shall be made to each school district with an operating referendum levy that received an aid reduction ~~under Laws 1991, chapter 265, article 1, section 31, or Laws 1992, chapter 499, article 1, section 22~~ when the levy recognition percent was last increased. The special adjustment payment shall be in addition to the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. The amount of the special adjustment payment shall be computed by the commissioner of education such that any remaining portion of the aid reduction these districts received that has not been repaid is repaid on a proportionate basis as the levy recognition percent is reduced from 50 percent to 31 percent. The special adjustment payment must be included in the state aid payments to school districts according to the schedule specified in section 124.195, subdivision 3. ~~An additional adjustment shall be made on June 30, 1995, for the final payment otherwise due July 1, 1995, under Minnesota Statutes 1992, section 136C.36.~~

(e) The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percent must be included in the cash metering of payments made according to section 124.195 after January 15, and must be paid in a manner consistent with the percent specified in that section.

Sec. 5. Minnesota Statutes 1994, section 122.532, subdivision 3a, is amended to read:

Subd. 3a. [INTERIM CONTRACTUAL AGREEMENTS.] (a) Until a successor contract is executed between the new school board and the exclusive representative of the teachers of the new

district, the school boards of both districts and the exclusive representatives of the teachers of both districts may agree:

(1) to comply with the contract of either district with respect to all of the teachers assigned to the new district; or

(2) that each of the contracts shall apply to the teachers previously subject to the respective contract.

(b) In the absence of an agreement according to paragraph (a), the following shall apply:

(1) if the effective date is July 1 of an even-numbered year, each of the contracts shall apply to the teachers previously subject to the respective contract and shall be binding on the new school board; or

(2) if the effective date is July 1 of an odd-numbered year, the contract of the district that previously employed the largest proportion of teachers assigned to the new district applies to all of the teachers assigned to the new district and shall be binding on the new school board. The application of this section shall not result in a reduction in a teacher's basic salary, payments for cocurricular or extracurricular assignments, district contributions toward insurance coverages or tax-sheltered annuities, leaves of absence, or severance pay until a successor contract is executed between the new school board and the exclusive representative.

Sec. 6. Minnesota Statutes 1994, section 124.06, is amended to read:

124.06 [INSUFFICIENT FUNDS TO PAY ORDERS.]

(a) In the event that a district or a cooperative unit defined in section 123.35, subdivision 19b, has insufficient funds to pay its usual lawful current obligations, subject to section 471.69, the board may enter into agreements with banks or any person to take its orders ~~at any rate of interest not to exceed six percent per annum~~. Any order drawn after having been presented to the treasurer for payment and not paid for want of funds shall be endorsed by the treasurer by putting on the back thereof the words "not paid for want of funds," giving the date of endorsement and signed by the treasurer. A record of such presentment, nonpayment and endorsement shall be made by the treasurer. ~~Every such order shall bear interest at the rate of not to exceed six percent per annum from the date of such presentment.~~ The treasurer shall serve a written notice upon the payee or the payee's assignee, personally, or by mail, when the treasurer is prepared to pay such orders; such notice may be directed to the payee or the payee's assignee at the address given in writing by such payee or assignee to such treasurer, at any time prior to the service of such notice. No order shall draw any interest if such address is not given when the same is unknown to the treasurer, and no order shall draw any interest after the service of such notice.

(b) A district may enter, subject to section 471.69, into a line of credit agreement with a financial institution. The amount of credit available must not exceed 95 percent of average expenditure per month of operating expenditures in the previous fiscal year. Any amount advanced must be repaid no later than 45 days after the day of advancement.

Sec. 7. Minnesota Statutes 1994, section 124.155, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] (a) The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

(1) general education aid authorized in sections 124A.23 and 124B.20;

(2) secondary vocational aid authorized in section 124.573;

(3) special education aid authorized in section 124.32;

(4) secondary vocational aid for children with a disability authorized in section 124.574;

(5) aid for pupils of limited English proficiency authorized in section 124.273;

(6) transportation aid authorized in section 124.225;

(7) community education programs aid authorized in section 124.2713;

(8) adult education aid authorized in section 124.26;

(9) early childhood family education aid authorized in section 124.2711;

(10) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;

(11) school district cooperation aid authorized in section 124.2727;

(12) assurance of mastery aid according to section 124.311;

(13) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;

(14) attached machinery aid authorized in section 273.138, subdivision 3; ~~and~~

(15) alternative delivery aid authorized in section 124.322;

(16) special education equalization aid authorized in section 124.321;

(17) special education excess cost aid authorized in section 124.323;

(18) learning readiness aid authorized in section 124.2615;

(19) cooperation-combination aid authorized in section 124.2725; and

(20) district cooperation revenue aid authorized in section 124.2727.

(b) The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 8. Minnesota Statutes 1994, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled ~~for the entire fiscal year~~ in a program approved by the commissioner and has an individual education plan ~~that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil~~ is counted as the ratio of the number of hours of assessment and education service to ~~875~~ 825 with a minimum of 0.28, but not more than one.

(b) ~~A prekindergarten pupil with a disability who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:~~

~~(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or~~

~~(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.~~

~~(c)~~ A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to ~~875~~ 825.

~~(d)~~ (c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

~~(e)~~ (d) A kindergarten pupil who is not included in paragraph ~~(d)~~ (c) is counted as ~~.515 of a pupil unit for fiscal year 1994 and~~ .53 of a pupil unit for fiscal year 1995 and thereafter.

~~(f)~~ (e) A pupil who is in any of grades 1 to 6 is counted as ~~1.03 pupil units for fiscal year 1994 and~~ 1.06 pupil units for fiscal year 1995 and thereafter.

~~(g)~~ (f) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

~~(h)~~ (g) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

Sec. 9. Minnesota Statutes 1994, section 124.17, subdivision 1d, is amended to read:

Subd. 1d. [AFDC PUPIL UNITS.] AFDC pupil units ~~for fiscal year 1993 and thereafter~~ must be computed according to this subdivision.

(a) The AFDC concentration percentage for a district equals the product of 100 times the ratio of:

(1) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e; to

(2) the number of pupils in average daily membership according to subdivision 1e enrolled in the district.

(b) The AFDC pupil weighting factor for a district equals the lesser of one or the quotient obtained by dividing the district's AFDC concentration percentage by 11.5.

(c) The AFDC pupil units for a district ~~for fiscal year 1993 and thereafter~~ equals the sum of: (1) the product of:

~~(1)~~ (i) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e; times

~~(2)~~ (ii) the AFDC pupil weighting factor for the district; times

~~(3)~~ (iii) .65~~.~~; plus

(2) for a district with an AFDC concentration percentage greater than 11.5, the product of:

(i) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 1e; times

(ii) the quotient obtained by dividing the lesser of 5 or the difference between the AFDC concentration percentage and 11.5 by 100.

Sec. 10. Minnesota Statutes 1994, section 124.17, is amended by adding a subdivision to read:

Subd. 1h. [FUND BALANCE PUPIL UNITS.] Fund balance pupil units must be computed separately for kindergarten pupils, elementary pupils in grades 1 to 6, and secondary pupils in grades 7 to 12. Total fund balance pupil units means the sum of kindergarten, elementary, and secondary fund balance pupil units. Fund balance pupil units for each category means the number of resident pupil units in average daily membership, including shared time pupil units, according to section 124A.02, subdivision 20, plus

(1) pupils attending the district for which general education aid adjustments are made according to section 124A.036, subdivision 5; minus

(2) the sum of the resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5, plus pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23.

Sec. 11. Minnesota Statutes 1994, section 124.17, subdivision 2f, is amended to read:

Subd. 2f. [PSEO PUPILS.] The average daily membership for a ~~student~~ pupil participating in the post-secondary enrollment options program equals the lesser of

~~(1)~~ (a) 1.00, or

~~(2)~~ (b) the greater of

~~(i)~~ (1) .12, or

~~(ii)~~ (2) the ratio of (i) the sum of the number of instructional hours the ~~student~~ pupil is enrolled in the secondary school ~~to the product of the number of days required in section 120.101, subdivision 5b, times the minimum length of day required in Minnesota Rules, part 3500.1500, subpart 1~~ during quarters, trimesters, or semesters during which the pupil participates in PSEO, and hours enrolled in the secondary school during the remainder of the school year, to (ii) the actual number of instructional days in the school year times the length of day in the school.

Sec. 12. Minnesota Statutes 1994, section 124.195, is amended by adding a subdivision to read:

Subd. 3c. [CASH FLOW WAIVER.] For any district exceeding its expenditure limitations under section 121.917, and if requested by the district, the commissioner of education, in consultation with the commissioner of finance, and a school district may negotiate a cash flow payment schedule under subdivision 3 corresponding to the district's cash flow needs so as to minimize the district's short-term borrowing needs.

Sec. 13. Minnesota Statutes 1994, section 124.195, subdivision 10, is amended to read:

Subd. 10. [AID PAYMENT PERCENTAGE.] Except as provided in subdivisions 8, 9, and 11, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, shall be paid at 90 percent for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 85 percent for other districts of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. Districts operating a program under section 121.585 for grades 1 to 12 for all students in the district shall receive 85 percent of the estimated entitlement plus an additional amount of general education aid equal to five percent of the estimated entitlement. For all districts, the final adjustment payment, according to subdivision 6, shall be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement ~~shall be paid as the final adjustment payment according to subdivision 6~~.

Sec. 14. Minnesota Statutes 1994, section 124.195, is amended by adding a subdivision to read:

Subd. 14. [EDUCATION AIDS CASH FLOW ACCOUNT.] (a) An education aids cash flow account is established in the state treasury for the purpose of ensuring the timely payment of state aids or credits to school districts as provided in this section. In the event the account balance in any appropriation from the general fund to the department of education for education aids or credits is insufficient to make the next scheduled payment or payments, the commissioner of education is authorized to transfer funds from the education aids cash flow account to the accounts that are insufficient.

(b) For purposes of this subdivision, an account may have an insufficient balance only as a result of some districts being overpaid based on revised estimates for the relevant annual aid or credit entitlements. When the overpayment amounts are recovered from the pertinent districts, the commissioner of education shall transfer those amounts to the education aids cash flow account. The commissioner shall determine when it is not feasible to recover the overpayments in a timely manner from the district's future aid payments and notify the district of the amount that is to be refunded to the state. School districts are encouraged to make such refunds promptly. The commissioner may approve a schedule for making a refund when a district demonstrates that its cash flow is inadequate to promptly make the refund in full.

(c) There is annually appropriated from the general fund to the education aids cash flow account the additional amount necessary to ensure the timely payment of state aids or credits to school districts as provided in this section. For any fiscal year, the appropriation authorized in this subdivision shall not exceed an amount equal to two-tenths of one percent of the total general fund appropriations in that year for education aids and credits. At the close of each fiscal year, the amount of actual transfers plus anticipated transfers required in paragraph (b) shall equal the authorized amounts transferred in paragraph (a) so that the net effect on total general fund spending for education aids and credits is zero.

Sec. 15. Minnesota Statutes 1994, section 124.2139, is amended to read:

124.2139 [REDUCTION OF PAYMENTS TO SCHOOL DISTRICTS.]

The commissioner of revenue shall reduce the sum of the additional transition credit, homestead and agricultural credit aid, and disparity reduction aid payments under section 273.1398 made to school districts by the product of:

(1) the district's fiscal year 1984 payroll for coordinated plan members of the public employees retirement association other than technical college employees, times

(2) the difference between the employer contribution rate in effect prior to July 1, 1984, and the total employer contribution rate in effect after June 30, 1984.

Sec. 16. Minnesota Statutes 1994, section 124.431, subdivision 2, is amended to read:

Subd. 2. [DISTRICT REQUEST FOR REVIEW AND COMMENT.] A school district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 121.15 on or before July 1. The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 121.15, subdivision 7, the commissioner shall consider the following criteria in determining whether to make a positive review and comment.

(a) To grant a positive review and comment the commissioner must determine that all of the following conditions are met:

(1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;

(2) the district will serve, on average, at least 80 pupils per grade or is eligible for elementary or secondary sparsity revenue;

(3) no form of cooperation with another district would provide the necessary facilities;

(4) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;

(5) the facilities are comparable in size and quality to facilities recently constructed in other districts that are financed without a capital loan;

(6) the district is projected to maintain or increase its average daily membership over the next five years or is eligible for elementary or secondary sparsity revenue;

(7) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes;

(8) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility;

(9) the district has made a good faith effort to encourage integration of social service programs within the new facility; and

(10) evaluations by school boards of adjacent districts have been received.

(b) The commissioner may grant a negative review and comment if:

(1) the state demographer has examined the population of the communities to be served by the facility and determined that the communities have not grown during the previous five years;

(2) the state demographer determines that the economic and population bases of the communities to be served by the facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;

(3) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;

(4) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or

(5) if the application is for new construction, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

Sec. 17. Minnesota Statutes 1994, section 124.912, subdivision 1, is amended to read:

Subdivision 1. [STATUTORY OBLIGATIONS.] ~~(a)~~ A school district may levy the ~~amounts necessary to pay the district's obligations under section 6.62; the~~ amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; the amounts necessary to pay the district's obligations under section 122.533; and for severance pay required by sections 120.08, subdivision 3, and 122.535, subdivision 6.

(b) An education district that negotiates a collective bargaining agreement for teachers under section 122.937 may certify to the department of education the amount necessary to pay all of the member districts' obligations and the education district's obligations under section 268.06, subdivision 25.

The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.

(c) Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:

(1) 50 percent times

(2) the amount certified in paragraph (b) minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.

Sec. 18. Minnesota Statutes 1994, section 124.918, subdivision 1, is amended to read:

Subdivision 1. [CERTIFY LEVY LIMITS.] By September ~~1~~ 8, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to section 124.918, subdivision 3, as well as adjustments to final pupil unit counts. A school district may require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over two calendar years.

Sec. 19. Minnesota Statutes 1994, section 124.918, subdivision 2, is amended to read:

Subd. 2. [NOTICE TO COMMISSIONER; FORMS.] By September ~~15~~ 30 of each year each district shall notify the commissioner of education of the proposed levies in compliance with the levy limitations of this chapter and chapters 124A, 124B, 136C, and 136D. By January 15 of each year each district shall notify the commissioner of education of the final levies certified. The commissioner of education shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

Sec. 20. Minnesota Statutes 1994, section 124A.03, subdivision 1c, is amended to read:

Subd. 1c. [REFERENDUM ALLOWANCE LIMIT.] Notwithstanding subdivision 1b, a district's referendum allowance must not exceed the greater of:

(1) the district's referendum allowance for fiscal year 1994; or

(2) 25 percent of the formula allowance for fiscal year 1995 ~~and later~~.

Sec. 21. Minnesota Statutes 1994, section 124A.03, subdivision 1g, is amended to read:

Subd. 1g. [REFERENDUM EQUALIZATION LEVY.] (a) For fiscal year 1996, a district's referendum equalization levy equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8.

(b) For fiscal year 1997 and thereafter, a district's referendum equalization levy for a referendum levied against the referendum market value of all taxable property as defined in section 124A.02, subdivision 3b, equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per actual pupil unit to $476,000.

(c) For fiscal year 1997 and thereafter, a district's referendum equalization levy for a referendum levied against the net tax capacity of all taxable property equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to 100 percent of the equalizing factor for that year.

Sec. 22. Minnesota Statutes 1994, section 124A.03, subdivision 1h, is amended to read:

Subd. 1h. [REFERENDUM EQUALIZATION AID.] (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) ~~For fiscal year 1993, a district's referendum equalization aid is equal to one-third of the amount calculated in clause (a).~~

~~(c) For fiscal year 1994, a district's referendum equalization aid is equal to two thirds of the amount calculated in clause (a).~~

~~(d)~~ If a district's actual levy for referendum equalization revenue is less than its maximum levy limit, aid shall be proportionately reduced.

Sec. 23. Minnesota Statutes 1994, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM REVENUE.] (a) The revenue authorized by section 124A.22, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be conducted ~~during the~~ one or two calendar ~~year~~ years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased revenue per actual pupil unit, the estimated referendum tax rate as a percentage of market value in the first year it is to be levied, and that the revenue shall be used to finance school operations. The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot shall designate the specific number of years, not to exceed ten, for which the referendum authorization shall apply. The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of ....., School District No. .., be approved?"

If approved, an amount equal to the approved revenue per actual pupil unit times the actual pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The school board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum may result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per actual pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Except for a referendum held under subdivision 2b, any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 24. Minnesota Statutes 1994, section 124A.0311, subdivision 4, is amended to read:

Subd. 4. [REFERENDUM.] The school board must prepare and publish in the official legal newspaper of the school district a notice of the public meeting on the district's intent to convert

any portion of its referendum levy to market value not less than 30 days before the scheduled date of the meeting. The resolution converting a portion of the district's referendum levy to referendum market value becomes final unless within 30 days after the meeting where the resolution was adopted a petition requesting an election signed by a number of ~~people residing in the district equal to 15 percent of the number of people who voted in the last general election in the school district is filed with the recording officer~~ qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. If a petition is filed, then the school board resolution has no effect and the amount of referendum revenue authority specified in the resolution cancels for taxes payable in the following year and thereafter. The school board shall schedule a referendum under section 124A.03, subdivision 2.

Sec. 25. Minnesota Statutes 1994, section 124A.22, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) For fiscal year 1996, the general education revenue for each district equals the sum of the district's basic revenue, compensatory education revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, and supplemental revenue.

(b) For fiscal year 1997 and thereafter, the general education revenue for each district equals the sum of the district's basic revenue, compensatory revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, transition revenue, and supplemental revenue.

Sec. 26. Minnesota Statutes 1994, section 124A.22, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance for ~~fiscal years 1993 and 1994 is $3,050. The formula allowance for~~ fiscal year 1995 ~~and subsequent fiscal years~~ is $3,150. The formula allowance for fiscal year 1996 is $3,170. The formula allowance for fiscal year 1997 and subsequent fiscal years is $3,470.

Sec. 27. Minnesota Statutes 1994, section 124A.22, subdivision 2a, is amended to read:

Subd. 2a. [CONTRACT DEADLINE AND PENALTY.] (a) The following definitions apply to this subdivision:

(1) "Public employer" means:

(i) a school district; and

(ii) a public employer, as defined by section 179A.03, subdivision 15, other than a school district that ~~(i)~~ (a) negotiates a contract under chapter 179A with teachers, and ~~(ii)~~ (b) is established by, receives state money, or levies under chapters 120 to 129, or 136D, or 268A, or section 136C.411.

(2) "Teacher" means a person, other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisor or confidential employee who occupies a position for which the person must be licensed by the board of teaching, state board of education, or state board of technical colleges.

(b) Notwithstanding any law to the contrary, a public employer and the exclusive representative of the teachers shall both sign a collective bargaining agreement on or before January 15 of an even-numbered calendar year. If a collective bargaining agreement is not signed by that date, state aid paid to the public employer for that fiscal year ~~shall~~ must be reduced. However, state aid ~~shall~~ may not be reduced if:

(1) a public employer and the exclusive representative of the teachers have submitted all unresolved contract items to interest arbitration according to section 179A.16 before December 31 of an odd-numbered year and filed required final positions on all unresolved items with the commissioner of mediation services before January 15 of an even-numbered year; and

(2) the arbitration panel has issued its decision within 60 days after the date the final positions were filed.

(c)(1) For a district that reorganizes according to section 122.22, 122.23, or 122.241 to 122.248 effective July 1 of an odd-numbered year, state aid ~~shall~~ may not be reduced according to this subdivision if the school board and the exclusive representative of the teachers both sign a collective bargaining agreement on or before the March 15 following the effective date of reorganization.

(2) For a district that jointly negotiates a contract prior to the effective date of reorganization under section 122.22, 122.23, or 122.241 to 122.248 that, for the first time, includes teachers in all districts to be reorganized, state aid ~~shall~~ may not be reduced according to this subdivision if the school board and the exclusive representative of the teachers sign a collective bargaining agreement on or before the March 15 following the expiration of the teacher contracts in each district involved in the joint negotiation.

(3) Only one extension of the contract deadline is available to a district under this paragraph.

(d) The reduction ~~shall~~ must equal $25 times the number of actual pupil units:

(1) for a school district, that are in the district during that fiscal year; or

(2) for a public employer other than a school district, that are in programs provided by the employer during the preceding fiscal year.

The department of education shall determine the number of full-time equivalent actual pupil units in the programs. The department of education shall reduce general education aid; if general education aid is insufficient or not paid, the department shall reduce other state aids.

(e) Reductions from aid to school districts and public employers other than school districts ~~shall~~ must be ~~returned to the general fund~~ redistributed to districts that sign collective bargaining agreements with their teachers by September 1 of the previous odd-numbered year. The funds must be allocated on a pupil unit basis.

Sec. 28. Minnesota Statutes 1994, section 124A.22, subdivision 3, is amended to read:

Subd. 3. [COMPENSATORY EDUCATION REVENUE.] ~~(a) For fiscal year 1992, the compensatory education revenue for each district equals the formula allowance times the AFDC pupil units counted according to section 124.17, subdivision 1b.~~

~~(b) For fiscal year 1993 and thereafter,~~ The ~~maximum~~ compensatory education revenue for each district equals the formula allowance times the AFDC pupil units computed according to section 124.17, subdivision 1d.

~~(c) For fiscal year 1993 and thereafter, the previous formula compensatory education revenue for each district equals the formula allowance times the AFDC pupil units computed according to section 124.17, subdivision 1b.~~

~~(d) For fiscal year 1993, the compensatory education revenue for each district equals the district's previous formula compensatory revenue plus one fourth of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.~~

~~(e) For fiscal year 1994, the compensatory education revenue for each district equals the district's previous formula compensatory education revenue plus one half of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.~~

~~(f) For fiscal year 1995, the compensatory education revenue for each district equals the district's previous formula compensatory education revenue plus three fourths of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.~~

~~(g) For fiscal year 1996 and thereafter, the compensatory education revenue for each district equals the district's maximum compensatory education revenue.~~

Sec. 29. Minnesota Statutes 1994, section 124A.22, subdivision 4, is amended to read:

Subd. 4. [TRAINING AND EXPERIENCE REVENUE.] ~~(a) The previous formula training and experience revenue for each district equals the greater of zero or the result of the following computation:~~

~~(1) subtract 1.6 from the training and experience index;~~

~~(2) multiply the result in clause (1) by the product of $700 times the actual pupil units for the school year.~~

~~(b) The maximum~~ For fiscal year 1996, the training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract .8 from the training and experience index;

(2) multiply the result in clause (1) by the product of $660 times the actual pupil units for the school year.

~~(c) For fiscal year 1994, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one half of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.~~

~~(d) For fiscal year 1995, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus three fourths of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.~~

~~(e) For fiscal year 1996 and thereafter, the training and experience revenue for each district equals the district's maximum training and experience revenue.~~

Sec. 30. Minnesota Statutes 1994, section 124A.22, subdivision 4a, is amended to read:

Subd. 4a. [FISCAL YEAR 1996 TRAINING AND EXPERIENCE LEVY.] A district's training and experience levy for fiscal year 1996 equals its training and experience revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit for the year before the year the levy is certified to the equalizing factor for the school year to which the levy is attributable.

Sec. 31. Minnesota Statutes 1994, section 124A.22, subdivision 4b, is amended to read:

Subd. 4b. [FISCAL YEAR 1996 TRAINING AND EXPERIENCE AID.] A district's training and experience aid for fiscal year 1996 equals its training and experience revenue minus its training and experience levy times the ratio of the actual amount levied to the permitted levy.

Sec. 32. Minnesota Statutes 1994, section 124A.22, subdivision 6, is amended to read:

Subd. 6. [SECONDARY SPARSITY REVENUE.] (a) A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

(1) ~~the formula allowance for the school year,~~ $3,170 multiplied by

(2) the secondary average daily membership of the high school, multiplied by

(3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by

(4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed school district that is the result of districts combining under the cooperation and combination program or consolidating under section 122.23 shall receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a)

for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former school districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

Sec. 33. Minnesota Statutes 1994, section 124A.22, subdivision 6a, is amended to read:

Subd. 6a. [ELEMENTARY SPARSITY REVENUE.] A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

(1) ~~the formula allowance for the year,~~ $3,170 multiplied by

(2) the elementary average daily membership of the school, multiplied by

(3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

Sec. 34. Minnesota Statutes 1994, section 124A.22, subdivision 8a, is amended to read:

Subd. 8a. [SUPPLEMENTAL LEVY.] To obtain supplemental revenue, a district may levy an amount not more than the product of its supplemental revenue for the school year times the lesser of one or the ratio of its general education levy to its general education revenue, excluding ~~training and experience~~ transition revenue and supplemental revenue, for the same year.

Sec. 35. Minnesota Statutes 1994, section 124A.22, subdivision 9, is amended to read:

Subd. 9. [SUPPLEMENTAL REVENUE REDUCTION.] A district's supplemental revenue allowance is reduced by the sum of:

(1) the sum of one-fourth of the difference of:

(i) the sum of the district's training and experience revenue and compensatory revenue per actual pupil unit for ~~that~~ fiscal year 1996, and

(ii) the sum of district's training and experience revenue and compensatory revenue per actual pupil unit for fiscal year 1994; and

(2) ~~the difference between the formula allowance for the current fiscal year and $3,050~~ $100.

A district's supplemental revenue allowance may not be less than zero.

Sec. 36. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 10. [TOTAL OPERATING CAPITAL REVENUE.] (a) For fiscal year 1997 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b), (c), (d), (e), or (f), plus $69 times the actual pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to subdivision 11.

(b) For fiscal years 1996 and later, capital revenue for a district equals $100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) For 1996 and later fiscal years, the previous formula revenue for a district equals $128 times its actual pupil units for fiscal year 1995.

(d) Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

(e) Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.

(f) Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.

(g) The revenue in paragraph (b) for a district that operates a program under section 121.585, is increased by an amount equal to $15 times the number of actual pupil units at the site where the program is implemented.

Sec. 37. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 11. [USES OF TOTAL OPERATING CAPITAL REVENUE.] Total operating capital revenue may be used only for the following purposes:

(1) to acquire land for school purposes;

(2) to acquire or construct buildings for school purposes, up to $400,000;

(3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;

(4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;

(5) for a surplus school building that is used substantially for a public nonschool purpose;

(6) to eliminate barriers or increase access to school buildings by individuals with a disability;

(7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123.36, subdivision 10;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298; and

(15) to purchase or lease interactive telecommunications equipment;

(16) by school board resolution, to transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475;

(17) to pay capital expenditure equipment-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks;

(21) to purchase new and replacement library books;

(22) to purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs; and

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

Sec. 38. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 12. [MAINTENANCE COST INDEX.] (a) A district's maintenance cost index is equal to the ratio of:

(1) the total weighted square footage for all eligible district-owned facilities; and

(2) the total unweighted square footage of these facilities.

(b) The department shall determine a district's maintenance cost index annually. Eligible district-owned facilities shall include only instructional or administrative square footage owned by the district. The commissioner of education may adjust the age of a building or addition for major renovation projects.

(c) The square footage weighting factor for each original building or addition equals the lesser of:

(1) one plus the ratio of the age in years to 100; or

(2) 1.5.

(d) The weighted square footage for each original building or addition equals the product of the unweighted square footage times the square footage weighting factor.

Sec. 39. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13. [TRANSPORTATION SPARSITY DEFINITIONS.] The definitions in this subdivision apply to subdivisions 13a and 13b.

(a) "Sparsity index" for a school district means the greater of .2 or the ratio of the square mile area of the school district to the actual pupil units of the school district.

(b) "Density index" for a school district means the ratio of the square mile area of the school district to the actual pupil units of the school district. However, the density index for a school district cannot be greater than .2 or less than .005.

(c) "Fiscal year 1996 base allowance" for a school district means the result of the following computation:

(1) sum the following amounts:

(i) the fiscal year 1996 regular transportation revenue for the school district according to section 124.225, subdivision 7d, paragraph (a), excluding the revenue attributable nonpublic school pupils and to pupils with disabilities receiving special transportation services; plus

(ii) the fiscal year 1996 nonregular transportation revenue for the school district according to

section 124.225, subdivision 7d, paragraph (b), excluding the revenue for desegregation transportation according to section 124.225, subdivision 1, paragraph (c), clause (4), and the revenue attributable to nonpublic school pupils and to pupils with disabilities receiving special transportation services or board and lodging; plus

(iii) the fiscal year 1996 excess transportation levy for the school district according to section 124.226, subdivision 5, excluding the levy attributable to nonpublic school pupils; plus

(iv) the fiscal year 1996 late activity bus levy for the school district according to section 124.226, subdivision 9, excluding the levy attributable to nonpublic school pupils; plus

(v) an amount equal to one-third of the fiscal year 1996 bus depreciation for the school district according to section 124.225, subdivision 1, paragraph (b), clauses (2), (3), and (4).

(2) divide the result in paragraph (c), clause (1), by the school districts 1995-1996 actual pupil units.

Sec. 40. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13a. [TRANSPORTATION SPARSITY REVENUE ALLOWANCE.] (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

(i) Multiply the formula allowance according to section 124A.22, subdivision 2, by .1485.

(ii) Multiply the result in clause (i) by the district's sparsity index raised to the 26/100 power.

(iii) Multiply the result in clause (ii) by the district's density index raised to the 13/100 power.

(iv) Multiply the formula allowance according to section 124A.22, subdivision 2, by .049.

(v) Subtract the result in clause (iv) from the result in clause (iii).

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the actual pupil units.

Sec. 41. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13b. [TRANSITION ALLOWANCE.] (a) A district's transportation transition allowance for fiscal year 1997 equals the result of the following computation:

(1) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1997 is less than the fiscal year 1996 base allowance, the transportation transition allowance equals the fiscal year 1996 base allowance minus the result in section 124A.22, subdivision 13a, paragraph (a), clause (iii).

(2) if the result in subdivision 13a, paragraph (b), for fiscal year 1997 is greater than the fiscal year 1996 base allowance and less than 110 percent of the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

(3) if the result in subdivision 13a, paragraph (b), for fiscal year 1997 is greater than 110 percent of the fiscal year 1996 base allowance, the transportation transition allowance equals 110 percent of the fiscal year 1996 base allowance minus the result in subdivision 13a, paragraph (a), clause (iii).

(b) A district's training and experience transition allowance is equal to the training and experience revenue the district would have received under Minnesota Statutes 1994, section 124A.22, subdivision 4, divided by the actual pupil units for fiscal year 1997 minus $130.

If the training and experience transition allowance is less than zero, the reduction shall be determined according to the following schedule:

(i) for fiscal year 1997, the reduction is equal to .9 times the amount intially determined;

(ii) for fiscal year 1998, the reduction is equal to .75 times the amount initially determined;

(iii) for fiscal year 1999, the reduction is equal to .50 times the amount initially determined;

(iv) for fiscal year 2000, the reduction is equal to .25 times the amount initially determined; and

(v) for fiscal year 2001 and thereafter, the transition allowance shall not be less than zero.

(c) A district's transition allowance for fiscal year 1997 and thereafter is equal to the sum of its transportation transition allowance and its training and experience transition allowance.

Sec. 42. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13c. [TRANSITION REVENUE ADJUSTMENT.] A district's transition revenue adjustment equals the district's transition allowance times the actual pupil units for the school year.

Sec. 43. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13d. [TRANSITION LEVY ADJUSTMENT.] A district's general education levy shall be adjusted by an amount equal to the district's transition revenue times the lesser of 1 or the ratio of the district's general education levy to its general education revenue, excluding transition revenue and supplemental revenue.

Sec. 44. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13e. [TRANSITION AID ADJUSTMENT.] A district's transition aid adjustment is the difference between the transition revenue and the transition levy.

Sec. 45. Minnesota Statutes 1994, section 124A.225, subdivision 1, is amended to read:

Subdivision 1. [REVENUE.] Of a district's general education revenue an amount equal to the sum of the number of elementary fund balance pupils in average daily membership defined in section 124.17, subdivision ~~1, clause (f)~~ 1h, and one-half of the number of kindergarten fund balance pupils in average daily membership as defined in section 124.17, subdivision ~~1, clause (e)~~ 1h, times ~~.03~~ .06 for fiscal year ~~1994~~ 1995 and ~~.06 for fiscal year 1995 and~~ thereafter times the formula allowance must be reserved according to this section.

Sec. 46. Minnesota Statutes 1994, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] The commissioner shall establish the general education tax rate by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises ~~$1,044,000,000 for fiscal year 1995 and~~ $1,054,000,000 for fiscal year 1996 and $1,361,000,000 for fiscal year 1997 and later fiscal years. The general education tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established.

Sec. 47. Minnesota Statutes 1994, section 124A.23, subdivision 4, is amended to read:

Subd. 4. [GENERAL EDUCATION AID.] A district's general education aid is the sum of the following amounts:

(1) the product of (i) the difference between the general education revenue, excluding ~~training and experience~~ transition revenue and supplemental revenue, and the general education levy, times (ii) the ratio of the actual amount levied to the permitted levy;

(2) ~~training and experience~~ transition aid according to section 124A.22, subdivision ~~4b~~ 13e;

~~(3)~~ supplemental aid according to section 124.214, subdivision 2;

~~(4)~~ (3) shared time aid according to section 124A.02, subdivision 21; and

~~(5)~~ (4) referendum aid according to section 124A.03.

Sec. 48. Minnesota Statutes 1994, section 124A.24, is amended to read:

124A.24 [GENERAL EDUCATION LEVY EQUITY.]

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapters 124 and 124B, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education tax rate, according to section 124A.23, times the district's adjusted net tax capacity used to determine the general education aid for the same school year; and

(2) the district's general education revenue, excluding ~~training and experience~~ transition revenue and supplemental revenue, for the same school year, according to section 124A.22.

Sec. 49. Minnesota Statutes 1994, section 124A.24, is amended to read:

124A.24 [GENERAL EDUCATION LEVY EQUITY.]

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapters 124 and 124B, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education tax rate, according to section 124A.23, times the district's adjusted net tax capacity used to determine the general education aid for the same school year; and

(2) the district's general education revenue, excluding ~~training and experience~~ transition revenue and supplemental revenue, for the same school year, according to section 124A.22.

Sec. 50. Minnesota Statutes 1994, section 124A.29, is amended to read:

124A.29 [RESERVED REVENUE FOR STAFF DEVELOPMENT.]

Subdivision 1. [STAFF DEVELOPMENT AND PARENTAL INVOLVEMENT REVENUE.] ~~(a)~~ Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to ~~one percent in fiscal year 1994,~~ two percent in fiscal year 1995, and 2.5 percent in fiscal year 1996 and thereafter times the formula allowance times the number of ~~actual~~ total fund balance pupil units shall be reserved and may be used only for in-service education for programs under section 126.77, subdivision 2, or for staff development plans, including plans for challenging instructional activities and experiences under section 126.70. Districts may expend an additional amount of basic revenue for staff development based on their needs. The school board shall initially allocate 50 percent of the revenue to each school site in the district on a per teacher basis, which shall be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue shall be used to make grants to school sites that demonstrate exemplary use of allocated staff development revenue. A grant may be used for any purpose authorized under section 126.70 or 126.77, subdivision 2, and determined by the site decision-making team. The site decision-making team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

~~(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $5 times the number of actual pupil units must be reserved and may be used only to provide parental~~

~~involvement programs that implement section 126.69. Parental involvement programs may include career teacher programs, programs promoting parental involvement in the PER process, coordination of volunteer services, participation in developing, implementing, or evaluating school desegregation/integration plans, and programs designed to encourage community involvement.~~

Subd. 2. [CAREER TEACHER STAFF DEVELOPMENT.] Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $5 times the number of ~~actual~~ total fund balance pupil units shall be reserved by a district operating a career teacher program according to sections 125.701 to 125.705. The revenue may be used only to provide staff development for the career teacher program.

Sec. 51. Minnesota Statutes 1994, section 124C.60, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Two or more districts that have consolidated under section 122.23 or combined under sections 122.241 to 122.248, are eligible for a capital facilities grant of up to ~~$100,000~~ $200,000 for fiscal year 1995 and $100,000 thereafter under this section. To qualify the following criteria must be met:

(1) the proposed facility changes are part of the plan according to section 122.242, subdivision 10, or the plan adopted by the reorganized district according to section 124.243, subdivision 1;

(2) the changes proposed to a facility must be needed to accommodate changes in the educational program due to the reorganization;

(3) the utilization of the facility for educational programs is at least 85 percent of capacity; and

(4) the grant will be used only to remodel or improve existing facilities.

Sec. 52. Minnesota Statutes 1994, section 126.22, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE PUPILS.] The following pupils are eligible to participate in the high school graduation incentives program:

(a) any pupil who is between the ages of 12 and 21, or who is an elementary pupil, and in either case, who:

(1) is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test; or

(2) is at least one year behind in satisfactorily completing coursework or obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been excluded or expelled according to sections 127.26 to 127.39; or

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 126.23; or

(7) is a victim of physical or sexual abuse; or

(8) has experienced mental health problems; or

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program; or

(10) speaks English as a second language or has limited English proficiency; or

(b) any person who is at least 21 years of age and who:

(1) has received fewer than 14 years of public or nonpublic education, beginning at age 5;

(2) has not completed the requirements for a high school diploma; and

(3) at the time of application, (i) is eligible for reemployment insurance benefits or has exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.

Sec. 53. Minnesota Statutes 1994, section 126.22, subdivision 3a, is amended to read:

Subd. 3a. [ADDITIONAL ELIGIBLE PROGRAM.] A pupil who is at least 16 years of age, who is eligible under subdivision 2, clause (a), and who has been enrolled only in a public school, if the pupil has been enrolled in any school, during the year immediately before transferring under this subdivision, may transfer to any nonprofit, nonpublic school that has contracted with the serving school district to provide nonsectarian educational services. Such a school must enroll every eligible pupil who seeks to transfer to the school under this program subject to available space. If a school board elects not to enter into a contract under this subdivision, the school may appeal the school board's decision to the state board of education if two members of the school board voted to enter into a contract with the school. If the state board authorizes the school to participate in the program, the state board shall enter into a contract with the school.

Sec. 54. Minnesota Statutes 1994, section 275.065, subdivision 1, is amended to read:

Subdivision 1. [PROPOSED LEVY.] (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and ~~each taxing authority~~ shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September 30, each school district shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. The school district may certify the proposed levy as:

(1) a specific dollar amount; or

(2) an amount equal to the maximum levy limitation certified by the commissioner of education to the county auditor according to section 124.918, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 124.491 to 124.495, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

Sec. 55. Minnesota Statutes 1994, section 275.60, is amended to read:

275.60 [LEVY OR BOND REFERENDUM; BALLOT NOTICE.]

Notwithstanding any general or special law or any charter provisions, but subject to section 124A.03, subdivision 2, any question submitted to the voters by any local governmental subdivision at a general or special election after the day of final enactment, authorizing a property tax levy or tax rate increase, including the issuance of debt obligations payable in whole or in part from property taxes, must include on the ballot the following notice in boldface type.

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE."

For purposes of this section and section 275.61, "local governmental subdivision" includes counties, home rule and statutory cities, towns, school districts, and all special taxing districts. This statement is in addition to any general or special laws or any charter provisions that govern the contents of a ballot question.

This section does not apply to a school district bond election if the debt service payments are to be made entirely from transfers of revenue from the capital fund to the debt service fund.

Sec. 56. Minnesota Statutes 1994, section 469.1831, subdivision 4, is amended to read:

Subd. 4. [PROGRAM MONEY; DISTRIBUTION AND RESTRICTIONS.] (a) Neighborhood revitalization program money may only be expended in accordance with the program for a purpose listed in subdivision 3 or this subdivision. Program money may not be used in those project areas of the city where the city determines that private investment will be sufficient to provide for development and redevelopment of the project area without public sector assistance, except in cases where program money is being used to remove or rehabilitate structurally substandard or obsolete buildings. Revenues derived from tax increments may only be expended for the purposes otherwise permitted by law, except that notwithstanding any law to the contrary, the city must pay at least the following amount of program money, including revenues derived from tax increments: (1) 15 percent to the school district, (2) 7.5 percent to the county, and (3) 7.5 percent for social services. Payment must be made to the county and school district within 15 days after the city receives the distribution of increment revenues, provided that the payment for calendar year 1990 may be made at any time during the year. Payment to the county for social services delivery shall be paid only after approval of program and spending plans under paragraph (b). Payment to the school district for education programs and services shall be paid only after approval of program and spending plans under paragraph (b).

(b) The money distributed to the county in a calendar year must be deducted from the county's levy limit for the following calendar year. In calculating the county's levy limit base for later years, the amount deducted must be treated as a local government aid payment.

The city must notify the commissioner of education of the amount of the payment made to the school district for the year. The commissioner shall deduct from the school district's state education aid payments one-half of the amount received by the school district.

The program money paid to the school district by the city less any amount of state aid deducted by the commissioner must be expended for additional education programs and services in accordance with the program. The amounts expended by the school district may not replace existing services.

The money for social services must be paid to the county for the cost of the provision of social services under the plan, as approved by the policy board and the county board.

(c) The city must expend on housing programs and related purposes as provided by the program at least 75 percent of the program money, after deducting the payments to the school district and county.

(d) Notwithstanding any other provisions of law to the contrary, for a city of the first class qualifying under section 469.1781, paragraph (a), program money and money described in Laws 1990, chapter 604, article 7, section 29, as amended, may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision without compliance with section 469.175, subdivision 4, and such money shall be deemed to be expended for a purpose that is a permitted project under section 469.176 and for a purpose that is permitted under section 469.176 for the district from which the increment was received.

Sec. 57. Laws 1994, chapter 647, article 1, section 36, is amended to read:

Sec. 36. [PEQUOT LAKES; ~~DELAY IN~~ FORGIVENESS OF AID REPAYMENT.]

The department of education must ~~allow independent school district No. 186, Pequot Lakes, to repay over a five year period~~ forgive state aid overpayments of $196,000 for fiscal years 1991 and 1992 due to the property tax revenue recognition shift attributable to independent school district No. 186, Pequot Lakes. ~~Notwithstanding Minnesota Statutes, section 124.155, subdivision 1, aids for independent school district No. 186, Pequot Lakes, shall not be adjusted for fiscal years 1991 and 1992 for pupils transferring into the district under Minnesota Statutes, section 120.062.~~

Sec. 58. [SUPPLEMENTAL REVENUE REDUCTION.]

For fiscal years 1996 and 1997, if a district's ratio of 1992 adjusted net tax capacity divided by 1994-1995 actual pupil units to $9,025 is less than or equal to .25, then the difference under Minnesota Statutes, section 124A.22, subdivision 9, clause (2), is equal to $25 for purposes of computing the district's supplemental revenue under Minnesota Statutes, section 124A.22, subdivision 8. For purposes of computing the referendum allowance reduction under Minnesota Statutes, section 124A.03, subdivision 3b, the supplemental revenue reduction shall be computed according to Minnesota Statutes, section 124A.22, subdivision 9.

Sec. 59. [PERMANENT SCHOOL FUND EARNINGS.]

During either fiscal year 1996 or 1997, notwithstanding section 124.09, the state board of investment may invest in equities an amount of principal in excess of the principal necessary to generate $32,500,000 in equities with the goal of improving the long-term income from the permanent school fund.

Sec. 60. [LEVY ADJUSTMENT; LE SUEUR-HENDERSON.]

Independent school district No. 2397, Le Sueur-Henderson, must not receive a negative levy adjustment for any referendum levy made by independent school district No. 734, Henderson, that was certified for taxes payable in 1992.

Sec. 61. [NO AID REDUCTION.]

The commissioner of education shall not reduce aid to a district under Minnesota Statutes, section 124.14, subdivision 3, for the 1992-1993 school year because the district did not provide the number of instructional days provided for in Minnesota Statutes 1992, section 120.101, as long as the district provided at least the minimum instructional hours required by the rules of the state board of education during the 1992-1993 school year.

Sec. 62. [EQUALIZING FACTOR.]

For fiscal year 1996 only, levies calculated under chapters 124 and 124A shall not be recomputed because of an increase in the formula allowance under Minnesota Statutes, section 124A.22, subdivision 2.

Sec. 63. [ADDITIONAL GENERAL EDUCATION AID.]

For fiscal years 1996 and 1997 only, additional basic general education aid in each year is the quotient of $12,000,000 divided by the actual number of pupil units for the school year. This amount is added to the basic general education revenue in Minnesota Statutes, section 124A.22, subdivision 2, only for the purpose of computing additional basic general education aid. The additional aid shall not be included in the computation of any other aid or levy. The additional aid is not subject to the levy equity provision in Minnesota Statutes, section 124A.24. The additional general education aid in this section is not included in the calculation of the general education aid according to Minnesota Statutes, section 124A.032.

Sec. 64. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

$1,955,269,000	.....	1996
$2,364,047,000	.....	1997

The 1996 appropriation includes $301,965,000 for 1995 and $1,653,304,000 for 1996.

The 1997 appropriation includes $319,657,000 for 1996 and $2,044,390,000 for 1997.

Sec. 65. [REPEALER.]

(a) Minnesota Statutes 1994, sections 124.17, subdivision 1b; 124.962; 124A.04, subdivision 1; and 124A.27, subdivision 11, are repealed.

(b) Minnesota Statutes 1994, sections 121.912, subdivision 8; 124.243; 124.244; 124A.26; and 126.019, are repealed effective for revenue for fiscal year 1997.

(c) Laws 1995, chapter 207, article 1, section 9, subdivision 3, is repealed.

Sec. 66. [EFFECTIVE DATE.]

Section 9 is effective July 1, 1996.

Sections 14, 51, and 65, paragraph (c), are effective the day following final enactment.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1994, section 121.912, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] Except as provided in this subdivision, sections 121.9121, 123.36, 124.243, 475.61, and 475.65, a school district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a nonoperating fund to another nonoperating fund; or (3) a nonoperating fund to an operating fund. Permanent transfers may be made from any fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to any other operating funds according to section 123.7045 or if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, ~~permanent transfers must be made, on June 30 of the fiscal year that the operation is discontinued, from the fund balance account entitled "pupil transportation fund reserved for bus purchases" to the capital expenditure fund. The sum of the levies authorized pursuant to sections 124.243, 124.244, and 124.83 shall be reduced by an amount equal to the amount transferred. Any school district may transfer any amount from the undesignated fund balance account in its transportation fund to any other operating fund or to the reserved fund balance account for bus purchases in its transportation fund~~ the balance shall cancel to the district's general fund.

Sec. 2. Minnesota Statutes 1994, section 123.3514, subdivision 8, is amended to read:

Subd. 8. [TRANSPORTATION.] A parent or guardian of a pupil enrolled in a course for secondary credit may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled or the pupil's home and the post-secondary institution that the pupil attends. The commissioner shall establish guidelines for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. However, if the nearest post-secondary institution is more than 25 miles from the pupil's resident secondary school, the weekly reimbursement may not exceed the reimbursement rate per mile times the actual distance between the secondary school or the pupil's home and the nearest post-secondary institution times ten. The state shall pay aid to the district according to the guidelines established under this subdivision. Chapter 14 does not apply to the guidelines.

Sec. 3. Minnesota Statutes 1994, section 123.39, subdivision 1, is amended to read:

Subdivision 1. The board may provide for the transportation of pupils to and from school and for any other purpose ~~for which aid is authorized under section 124.223 or for which levies are authorized under sections 124.226, 124.2716, 124.91, 124.912, 124.914, 124.916, 124.918, and 136C.411~~. The board may also provide for the transportation of pupils to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. In any school district, the board shall arrange for the attendance of all pupils living two miles or more from the school, except pupils whose transportation

privileges have been revoked under section 123.805, subdivision 1, clause (6), or 123.7991, paragraph (b), through suitable provision for transportation or through the boarding and rooming of the pupils who may be more economically and conveniently provided for by that means. The board shall provide transportation to and from the home of a child with a disability not yet enrolled in kindergarten when special instruction and services under sections 120.17 and 120.1701 are provided in a location other than in the child's home. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control, and management of the school board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 4. Minnesota Statutes 1994, section 123.78, subdivision 1, is amended to read:

Subdivision 1. [GENERAL PROVISIONS.] A district ~~eligible to receive state aid for transportation under chapter 124~~ shall provide equal transportation within the district for all school children to any school when transportation is deemed necessary by the school board because of distance or traffic condition in like manner and form as provided in sections 123.39 and 124.223, when applicable.

Sec. 5. Minnesota Statutes 1994, section 123.79, subdivision 1, is amended to read:

Subdivision 1. Such state aids as ~~may become~~ are made available or appropriated shall be ~~governed by section 124.225, be paid to the school district entitled thereto~~ for the equal benefit of all school children, and be disbursed in such manner as determined by the board.

Sec. 6. Minnesota Statutes 1994, section 123.7991, subdivision 2, is amended to read:

Subd. 2. [STUDENT TRAINING.] (a) Each school district shall provide public school pupils enrolled in grades kindergarten through ~~12~~ 10 with age-appropriate school bus safety training. The training shall be results-oriented and shall consist of both classroom instruction and practical training using a school bus. Upon completing the training, a student shall be able to demonstrate knowledge and understanding of at least the following competencies and concepts:

(1) transportation by school bus is a privilege and not a right;

(2) district policies for student conduct and school bus safety;

(3) appropriate conduct while on the school bus;

(4) the danger zones surrounding a school bus;

(5) procedures for safely boarding and leaving a school bus;

(6) procedures for safe ~~vehicle lane~~ street or road crossing; and

(7) school bus evacuation and other emergency procedures.

(b) Each nonpublic school located within the district shall provide all nonpublic school pupils enrolled in grades kindergarten through 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a). The school district shall make a bus available for the practical training if the district transports the nonpublic students. Each nonpublic school shall provide the instruction.

(c) Student school bus safety training shall commence during school bus safety week. All students enrolled in grades kindergarten through 3 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the school bus safety training competencies by the end of the third week of school. All students enrolled in grades 4 through 10 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the competencies by the end of the sixth week of school. Students enrolled in grades kindergarten through 10 who enroll in a school after the ~~first~~ second

week of school and are transported by school bus shall undergo school bus safety training and demonstrate achievement of the school bus safety competencies within ~~three~~ four weeks of the first day of attendance. The pupil transportation safety director in each district must certify to the commissioner of education annually ~~by October 15~~ that all students transported by school bus within the district have satisfactorily demonstrated knowledge and understanding of the school bus safety competencies according to this section or provide an explanation for a student's failure to demonstrate the competencies. The principal or other chief administrator of each nonpublic school must certify annually to the public transportation safety director of the district in which the school is located that all of the school's students transported by school bus at public expense have received training. A school district may deny transportation to a student who fails to demonstrate the competencies, unless the student is unable to achieve the competencies due to a disability, or to a student who attends a nonpublic school that fails to provide training as required by this subdivision.

~~(c)~~ (d) A school district and a nonpublic school with students transported by school bus at public expense must, to the extent possible, provide kindergarten pupils with bus safety training before the first day of school.

~~(d)~~ (e) A school district and a nonpublic school with students transported by school bus at public expense must also provide student safety education for bicycling and pedestrian safety.

(f) A school district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus, bicycle, and pedestrian safety training of pupils known to speak English as a second language and pupils with disabilities.

Sec. 7. Minnesota Statutes 1994, section 123.7991, subdivision 3, is amended to read:

Subd. 3. [MODEL TRAINING PROGRAM.] The commissioner of education shall develop a comprehensive model school bus safety training program for pupils who ride the bus that includes bus safety curriculum for both classroom and practical instruction, methods for assessing attainment of school bus safety competencies, and age-appropriate instructional materials. The program must be adaptable for use by students with disabilities.

Sec. 8. Minnesota Statutes 1994, section 123.805, subdivision 1, is amended to read:

Subdivision 1. [COMPREHENSIVE POLICY.] Each school district shall develop and implement a comprehensive, written policy governing pupil transportation safety, including transportation of nonpublic school students, when applicable. The policy shall, at minimum, contain:

(1) provisions for appropriate student bus safety training under section 123.7991;

(2) rules governing student conduct on school buses and in school bus loading and unloading areas;

(3) a statement of parent or guardian responsibilities relating to school bus safety;

(4) provisions for notifying students and parents or guardians of their responsibilities and the rules;

(5) an intradistrict system for reporting school bus accidents or misconduct, a system for dealing with local law enforcement officials in cases of criminal conduct on a school bus, and a system for reporting accidents, crimes, incidents of misconduct, and bus driver dismissals to the department of public safety under section 169.452;

(6) a discipline policy to address violations of school bus safety rules, including procedures for revoking a student's bus riding privileges in cases of serious or repeated misconduct;

(7) a system for integrating school bus misconduct records with other discipline records;

(8) a statement of bus driver duties;

(9) planned expenditures for safety activities under section 123.799 and, where applicable, provisions governing bus monitor qualifications, training, and duties;

(10) rules governing the use and maintenance of type III vehicles, drivers of type III vehicles, qualifications to drive a type III vehicle, qualifications for a type III vehicle and the circumstances under which a student may be transported in a type III vehicle;

(11) operating rules and procedures;

(12) provisions for annual bus driver in-service training and evaluation;

(13) emergency procedures; ~~and~~

(14) a system for maintaining and inspecting equipment;

(15) requirements of the school district, if any, that exceed state law minimum requirements for school bus operations; and

(16) requirements for basic first aid training, which shall include the Heimlich maneuver and procedures for dealing with obstructed airways, shock, bleeding, and seizures.

School districts are encouraged to use the model policy developed by the Minnesota school boards association, the department of public safety, and the department of education, as well as the current edition of the "National Standards for School Buses and Operations" published by the National Safety Council, in developing safety policies. Each district shall submit a copy of its policy under this subdivision to the school bus safety advisory committee no later than August 1, 1994~~, and review and make appropriate amendments annually by August 1~~. Each district shall review its policy annually and make appropriate amendments, which must be submitted to the school bus safety advisory committee within one month of approval by the school board.

Sec. 9. Minnesota Statutes 1994, section 123.805, subdivision 2, is amended to read:

Subd. 2. [SCHOOL TRANSPORTATION SAFETY DIRECTOR.] Each school board shall designate a school transportation safety director to oversee and implement pupil transportation safety policies. The director shall have day-to-day responsibility for pupil transportation safety within the district, including transportation of nonpublic school children when provided by the district.

Sec. 10. Minnesota Statutes 1994, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

Subdivision 1. [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] (a) ~~State transportation aid is authorized for~~ School districts may provide transportation ~~or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation~~ to and from schools ~~the~~ resident pupils attend ~~according to a program approved by the commissioner of education~~, ~~or~~ between ~~the~~ schools the resident pupils attend for instructional classes, or to and from service learning programs; ~~transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended;~~ but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; transportation of resident pupils to and from language immersion programs; transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school. ~~State transportation aid is not authorized for Late transportation home from school for pupils involved in after school activities. State transportation aid is not authorized for summer program transportation except as provided in subdivision 8.~~

(b) For the purposes of this subdivision, a district may designate a licensed day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian and if that facility or residence is within the attendance area of the school the pupil attends.

(c) ~~State transportation aid is authorized for~~ School districts may provide transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year. The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:

(1) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(2) the pupil withdrawal rate for the last year is more than 12 percent.

(d) A pupil withdrawal rate is determined by dividing:

(1) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by

(2) the number of pupils enrolled in the school.

(e) The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

Subd. 2. [OUTSIDE DISTRICT.] ~~State transportation aid is authorized for~~ School districts may provide transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school. The pupils may attend a classified secondary school in another district and ~~shall~~ may receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence.

Subd. 3. [SECONDARY VOCATIONAL CENTERS.] ~~State transportation aid is authorized for~~ School districts may provide transportation to and from a commissioner approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center.

Subd. 4. [PUPILS WITH DISABILITIES.] ~~State transportation aid is authorized for~~ School districts may provide transportation or board and lodging of a pupil with a disability when that pupil cannot be transported on a regular school bus, the conveying of pupils with a disability between home or a respite care facility and school and within the school plant, necessary transportation of pupils with a disability from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by sections 120.17 and 120.1701 are provided, within or outside the district where services are provided, and necessary transportation for resident pupils with a disability required by sections 120.17, subdivision 4a, and 120.1701. Transportation of pupils with a disability between home or a respite care facility and school shall not be subject to any distance requirement for children ~~not yet enrolled in kindergarten or to the requirement in subdivision 1 that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid~~.

Subd. 5. [BOARD AND LODGING; NONRESIDENTS WITH DISABILITIES.] ~~State transportation aid is authorized for~~ School districts may provide, when necessary, board and lodging for nonresident pupils with a disability in a district maintaining special classes.

Subd. 6. [SHARED TIME.] ~~State transportation aid is authorized for~~ School districts may provide transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs, and necessary transportation required by sections 120.17, subdivision 9, and 120.1701 for resident pupils with a disability who are provided special instruction and services on a shared time basis.

Subd. 7. [FARIBAULT STATE ACADEMIES.] ~~State transportation aid is authorized for~~ School districts may provide transportation for ~~residents~~ resident pupils with disabilities to and from ~~the Minnesota state academy for the deaf or the Minnesota state academy for the blind~~ board and lodging facilities when the pupil is boarded and lodged for educational purposes.

Subd. 8. [SUMMER INSTRUCTIONAL PROGRAMS.] ~~State transportation aid is authorized~~

~~for~~ School districts may provide services described in subdivisions 1 to 7, 9, and 10 when provided for pupils with a disability in conjunction with a summer program that meets the requirements of section 124A.27, subdivision 9. ~~State transportation aid is authorized for~~ School districts may provide services described in subdivision 1 when provided during the summer in conjunction with a learning year program established under section 121.585.

Subd. 9. [COOPERATIVE ACADEMIC AND VOCATIONAL.] ~~State transportation aid is authorized for~~ School districts may provide transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes or secondary vocational classes not provided at a secondary vocational center for resident pupils of any of these districts.

Subd. 10. [NONPUBLIC SUPPORT SERVICES.] ~~State transportation aid is authorized for~~ School districts may provide necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Subd. 11. [RULES.] The state board of education may amend rules relating to transportation ~~aid and~~ data.

Sec. 11. Minnesota Statutes 1994, section 124.225, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given to them.

(a) "FTE" means a full-time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in paragraph (c), clause (1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a majority of the time for the purposes in sections 124.223 and 124.226, subdivisions 5, 8, and 9, and were purchased after July 1, 1982, for authorized transportation of pupils, ~~with the prior approval of the commissioner,~~ computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 1: transportation between schools; transportation to and from service learning programs; noon transportation to and from school for kindergarten pupils attending half-day sessions; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and transportation of elementary pupils to and from school within a mobility zone.

(2) Nonregular transportation is transportation services provided under section 124.223, subdivision 1, that are excluded from the regular category and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10.

(3) Excess transportation is transportation to and from school during the regular school year for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards.

(4) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

(5) Handicapped transportation is transportation provided under section 124.223, subdivision 4, for pupils with a disability between home or a respite care facility and school or other buildings where special instruction required by sections 120.17 and 120.1701 is provided.

(d) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(e) "Current year" means the school year for which aid will be paid.

(f) "Base year" means the second school year preceding the school year for which aid will be paid.

(g) "Base cost" means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in paragraph (b) plus the actual cost in the base year for excess transportation as defined in paragraph (c);

(2) to the sum of the number of weighted FTE's in the regular and excess categories in the base year.

(h) "Pupil weighting factor" for the excess transportation category for a school district means the lesser of one, or the result of the following computation:

(1) Divide the square mile area of the school district by the number of FTE's in the regular and excess categories in the base year.

(2) Raise the result in clause (1) to the one-fifth power.

(3) Divide four-tenths by the result in clause (2).

The pupil weighting factor for the regular transportation category is one.

(i) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(j) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE's by the district in the regular and excess categories in the base year.

(k) "Density index" for a school district means the greater of one or the result obtained by subtracting the product of the district's sparsity index times 20 from two.

(l) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(1) Multiply the district's sparsity index by 20.

(2) Select the lesser of one or the result in clause (1).

(3) Multiply the district's percentage of regular FTE's in the current year using vehicles that are not owned by the school district by the result in clause (2).

(m) "Adjusted predicted base cost" means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(n) "Regular transportation allowance" means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

Sec. 12. Minnesota Statutes 1994, section 124.225, subdivision 3a, is amended to read:

Subd. 3a. [PREDICTED BASE COST.] A district's predicted base cost equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is ~~$447~~ $477 for the ~~1991-1992~~ 1993-1994 base year ~~and $463 for the 1992-1993 base year~~.

(b) Multiply the result in paragraph (a) by the district's density index raised to the ~~35/100~~ 1/2 power.

(c) Multiply the result in paragraph (b) by the district's contract transportation index raised to the 1/20 power.

Sec. 13. Minnesota Statutes 1994, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. [INFLATION FACTORS.] (a) The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by ~~2.35~~ zero percent to determine the district's regular transportation allowance for the ~~1993-1994~~ 1995-1996 school year ~~and by 3.425 percent to determine the district's regular transportation allowance for the 1994-1995 school year, but~~.

(b) Notwithstanding paragraph (a), the regular transportation allowance for a district for the 1995-1996 school year cannot be less than the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t).

Sec. 14. Minnesota Statutes 1994, section 124.225, subdivision 7d, is amended to read:

Subd. 7d. [TRANSPORTATION REVENUE.] Transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's by the district in the regular, desegregation, and handicapped categories in the current school year.

(b) For the ~~1992-1993 and later school years~~ 1995-1996 school year, the nonregular transportation revenue for each district equals the lesser of the district's actual cost in the current school year for nonregular transportation services or the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year according to section 124.17, subdivision 2, times the nonregular transportation inflation factor for the current year, minus the amount of regular transportation revenue attributable to FTE's in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the current year according to subdivision 7e. The nonregular transportation inflation factor is ~~1.0435~~ 1.0 for the ~~1993-1994~~ 1995-1996 school year ~~and 1.03425 for the 1994-1995 school year~~.

Sec. 15. Minnesota Statutes 1994, section 124.225, subdivision 7f, is amended to read:

Subd. 7f. [RESERVED REVENUE FOR TRANSPORTATION SAFETY.] A district shall reserve an amount equal to the greater of $1,000 or ~~one percent of the sum of the district's regular transportation revenue according to subdivision 7d, paragraph (a), and nonregular transportation revenue according to subdivision 7d, paragraph (b),~~ $3 times the number of pupil units served in the district for that school year to provide student transportation safety programs under section 123.799. This revenue may only be used if the district complies with the reporting requirements of section 123.7991, 123.805, 169.452, 169.4582, or 171.321, subdivision 5.

Sec. 16. Minnesota Statutes 1994, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. [TRANSPORTATION AID.] (a) A district's transportation aid equals the product of:

(1) the difference between the transportation revenue and the sum of:

(i) the maximum basic transportation levy for that school year under section ~~275.125~~ 124.226, subdivision ~~5~~ 1, plus

(ii) the maximum nonregular transportation levy for that school year under section 124.226, subdivision 4, plus

(iii) the contracted services aid reduction under subdivision 8k,

(2) times the ratio of the sum of the actual amounts levied under section 124.226, subdivisions 1 and 4, to the sum of the permitted maximum levies under section 124.226, subdivisions 1 and 4.

(b) If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the transportation levy of off-formula districts in the same proportion.

Sec. 17. Minnesota Statutes 1994, section 124.225, subdivision 8l, is amended to read:

Subd. 8l. [ALTERNATIVE ATTENDANCE PROGRAMS.] A district that enrolls nonresident pupils in programs under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22, ~~shall~~ may provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. ~~The state shall pay transportation aid attributable to the pupil to the nonresident district according to this section.~~ The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

Sec. 18. Minnesota Statutes 1994, section 124.225, subdivision 8m, is amended to read:

Subd. 8m. [TRANSPORTATION SAFETY AID.] A district's transportation safety aid equals the district's reserved revenue for transportation safety under subdivision 7f for that school year. Failure of a school district to comply with the reporting requirements of section 123.7991, 123.805, 169.452, 169.4582, or 171.321, subdivision 5, may result in a withholding of that district's transportation safety aid for that school year.

Sec. 19. Minnesota Statutes 1994, section 124.225, subdivision 9, is amended to read:

Subd. 9. [DISTRICT REPORTS.] Each district shall report data to the department as required by the department to ~~implement the transportation aid formula~~ account for transportation expenditures. ~~If a district's final transportation aid payment is adjusted after the final aid payment has been made to all districts, the adjustment shall be made by increasing or decreasing the district's aid for the next fiscal year.~~

Sec. 20. Minnesota Statutes 1994, section 124.225, is amended by adding a subdivision to read:

Subd. 13. [TARGETED NEEDS TRANSPORTATION REVENUE.] A district's targeted needs transportation revenue for the 1996-1997 and later school years equals the sum of the special programs transportation revenue according to subdivision 14, the integration transportation revenue according to subdivision 15, and the nonpublic pupil transportation revenue according to subdivision 16.

Sec. 21. Minnesota Statutes 1994, section 124.225, is amended by adding a subdivision to read:

Subd. 14. [SPECIAL PROGRAMS TRANSPORTATION REVENUE.] A district's special programs transportation revenue for the 1996-1997 and later school years equals the sum of:

(a) the district's actual cost in the base year for transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8, times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year; plus

(b) 80 percent of the difference between:

(1) the district's actual cost in the current year for transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8; and

(2) the amount computed in paragraph (a).

Sec. 22. Minnesota Statutes 1994, section 124.225, is amended by adding a subdivision to read:

Subd. 15. [INTEGRATION TRANSPORTATION REVENUE.] A district's integration transportation revenue for the 1996-1997 and later school years equals the following amounts:

(a) for independent school district No. 709, Duluth, $4 times the actual pupil units for the school year;

(b) for independent school district No. 625, St. Paul, $73 times the actual pupil units for the school year; and

(c) for special school district No. 1, Minneapolis, $158 times the actual pupil units for the school year.

Sec. 23. Minnesota Statutes 1994, section 124.225, is amended by adding a subdivision to read:

Subd. 16. [NONPUBLIC PUPIL TRANSPORTATION REVENUE.] (a) A district's nonpublic pupil transportation revenue for the 1996-1997 and later school years for transportation services for nonpublic school pupils according to sections 123.39, 123.76 to 123.78, 124.223, and 124.226, equals the sum of the amounts computed in paragraphs (b) and (c). This revenue does not limit the obligation to transport pupils under sections 123.76 to 123.79.

(b) For regular and excess transportation according to section 124.225, subdivision 1, paragraph (c), clauses (1) and (3), an amount equal to the product of:

(1) the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times

(2) the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times

(3) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

(c) For nonregular transportation according to section 124.225, subdivision 1, paragraph (c), clause (2), and late activity transportation according to section 124.226, subdivision 9, an amount equal to the product of:

(1) the district's actual expenditure for nonregular and late activity transportation for nonpublic school pupils during the second preceding school year; times

(2) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

Sec. 24. Minnesota Statutes 1994, section 124.225, is amended by adding a subdivision to read:

Subd. 17. [TARGETED NEEDS TRANSPORTATION AID.] (a) A district's targeted needs transportation aid is the difference between its targeted needs transportation revenue under subdivision 13 and its targeted needs transportation revenue under section 124.226, subdivision 10.

(b) If a district does not levy the entire amount permitted, aid must be reduced in proportion to the actual amount levied.

Sec. 25. Minnesota Statutes 1994, section 124.226, subdivision 3, is amended to read:

Subd. 3. [OFF-FORMULA ADJUSTMENT.] In a district if the basic transportation levy under subdivision 1 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7d, and (2) the sum of the district's maximum nonregular levy under subdivision 4 and the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a, the district's transportation levy in ~~the second year following~~ each fiscal year must be reduced by the difference between the amount of the excess and the amount of the aid reduction for the same fiscal year according to subdivision 3a.

Sec. 26. Minnesota Statutes 1994, section 124.226, subdivision 4, is amended to read:

Subd. 4. [NONREGULAR TRANSPORTATION.] A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision.

(a) For the 1995-1996 school year, the amount of the levy shall be the result of the following computation:

~~(a)~~ (1) multiply

~~(1)~~ (i) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7d, that is more than the product of ~~$60~~ $65 times the district's average daily membership, by

~~(2)~~ (ii) 50 percent;

~~(b)~~ (2) subtract the result in clause ~~(a)~~ (1) from the district's total nonregular transportation revenue;

~~(c)~~ (3) multiply the result in clause ~~(b)~~ (2) by the lesser of one or the ratio of

(i) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the average daily membership in the district for the school year to which the levy is attributable, to

(ii) $8,000.

Sec. 27. Minnesota Statutes 1994, section 124.226, subdivision 9, is amended to read:

Subd. 9. [LATE ACTIVITY BUSES.] (a) For taxes payable in 1996, a school district may levy an amount equal to the lesser of:

(1) the actual cost of late transportation home from school, between schools within a district, or between schools in one or more districts that have an agreement under sections 122.241 to 122.248, 122.535, 122.541, or 124.494, for pupils involved in after school activities for the school year beginning in the year the levy is certified; or

(2) two percent of the sum of the district's regular transportation revenue and the district's nonregular transportation revenue for that school year according to section 124.225, subdivision 7d.

(b) A district that levies under this section must provide late transportation from school for students participating in any academic-related activities provided by the district if transportation is provided for students participating in athletic activities.

(c) Notwithstanding section 121.904, 50 percent of the levy certified for taxes payable in 1994, and for each year thereafter the entire amount of this levy, shall be recognized as revenue for the fiscal year in which the levy is certified.

Sec. 28. Minnesota Statutes 1994, section 124.226, is amended by adding a subdivision to read:

Subd. 10. [TARGETED NEEDS TRANSPORTATION LEVY.] A school district may make a levy for targeted needs transportation costs according to this subdivision. The amount of the levy shall be the result of the following computation:

(1) For fiscal year 1997 and later, targeted needs transportation levy equalization revenue equals 28 percent of the sum of the district's special programs transportation revenue under section 124.225, subdivision 14, and the district's integration transportation revenue under section 124.225, subdivision 15.

(2) The targeted needs transportation levy equals the result in clause (1) times the lesser of one or the ratio of (i) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to (ii) $3,540.

Sec. 29. Minnesota Statutes 1994, section 126.15, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT OF MEMBERS.] Unless the parents or guardian of a pupil object in writing to the school authorities to the appointment of the pupil on a school safety patrol, it is lawful for any pupil over nine years of age to be appointed and designated as a member thereof, provided that in any school in which there are no pupils who have attained such age any pupil in the highest grade therein may be so appointed and designated. School authorities may also appoint and designate nonpupil adults as members of a school safety patrol on a voluntary or for-hire basis.

Sec. 30. Minnesota Statutes 1994, section 169.01, subdivision 6, is amended to read:

Subd. 6. [SCHOOL BUS.] "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120.101, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, ~~or~~ a transit bus providing services as defined in section 174.22, subdivision 7, or a vehicle otherwise qualifying as a type III vehicle under paragraph (5), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled transportation. A school bus may be type A, type B, type C, or type D, or type III as follows:

(1) A "type A school bus" is a conversion or body constructed upon a van-type compact truck or a front-section vehicle, with a gross vehicle weight rating of 10,000 pounds or less, designed for carrying more than ten persons.

(2) A "type B school bus" is a conversion or body constructed and installed upon a van or front-section vehicle chassis, or stripped chassis, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. Part of the engine is beneath or behind the windshield and beside the driver's seat. The entrance door is behind the front wheels.

(3) A "type C school bus" is a body installed upon a flat back cowl chassis with a gross vehicle weight rating of more than 10,000 pounds, designated for carrying more than ten persons. All of the engine is in front of the windshield and the entrance door is behind the front wheels.

(4) A "type D school bus" is a body installed upon a chassis, with the engine mounted in the front, midship or rear, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. The engine may be behind the windshield and beside the driver's seat; it may be at the rear of the bus, behind the rear wheels, or midship between the front and rear axles. The entrance door is ahead of the front wheels.

(5) Type III school buses and type III Head Start buses are restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer's rated seating capacity of ten people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle. A "type III school bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus.

Sec. 31. Minnesota Statutes 1994, section 169.21, subdivision 2, is amended to read:

Subd. 2. [RIGHTS IN ABSENCE OF SIGNALS.] (a) Where traffic-control signals are not in

place or in operation the driver of a vehicle shall yield the right-of-way, slowing down or stopping if need be to so yield, to a pedestrian crossing the roadway within a crosswalk but no pedestrian shall suddenly leave a curb or other place of safety and walk or run into the path of a vehicle which is so close that it is impossible for the driver to yield. This provision shall not apply under the conditions as otherwise provided in this subdivision.

(b) When any vehicle is stopped at a marked crosswalk or at any unmarked crosswalk at an intersection to permit a pedestrian to cross the roadway, the driver of any other vehicle approaching from the rear shall not overtake and pass the stopped vehicle.

(c) It is unlawful for any person to drive a motor vehicle through a column of school children crossing a street or highway or past a member of a school safety patrol or adult crossing guard, while the member of the school safety patrol or adult crossing guard is directing the movement of children across a street or highway and while the school safety patrol member or adult crossing guard is holding an official signal in the stop position. A person who violates this paragraph is guilty of a misdemeanor. A person who violates this paragraph a second or subsequent time within one year of a previous conviction under this paragraph is guilty of a gross misdemeanor.

Sec. 32. Minnesota Statutes 1994, section 169.444, subdivision 2, is amended to read:

Subd. 2. [VIOLATIONS BY DRIVERS; PENALTIES.] (a) A person who fails to stop a vehicle or to keep it stopped, as required in subdivision 1, is guilty of a misdemeanor punishable by a fine of not less than $300.

(b) A person is guilty of a gross misdemeanor if the person fails to stop a motor vehicle or to keep it stopped, as required in subdivision 1, and commits either or both of the following acts:

(1) passes or attempts to pass the school bus in a motor vehicle on the right-hand, passenger-door side of the bus; or

(2) passes or attempts to pass the school bus in a motor vehicle when a school child is outside of and on the street or highway used by the school bus or on the adjacent sidewalk.

Sec. 33. Minnesota Statutes 1994, section 169.4502, subdivision 4, is amended to read:

Subd. 4. [COLOR.] Fenders may be painted black. The hood may be painted nonreflective black or nonreflective yellow. The grill may be manufacturer's standard color or chrome.

Sec. 34. Minnesota Statutes 1994, section 169.4503, is amended by adding a subdivision to read:

Subd. 10a. [EMERGENCY EQUIPMENT; FIRST AID KITS.] A first aid kit, and a body fluids cleanup kit is required regardless of the age of the vehicle. They must be contained in removable, moisture- and dust-proof containers mounted in an accessible place within the driver's compartment of the school bus and must be marked to indicate their identity and location.

Sec. 35. Minnesota Statutes 1994, section 169.451, is amended by adding a subdivision to read:

Subd. 5. [RANDOM SPOT INSPECTIONS.] In addition to the annual inspection, the Minnesota state patrol has authority to conduct random, unannounced spot inspections of any school bus or Head Start bus being operated within the state at the location where the bus is kept when not in operation to ascertain whether its construction, design, equipment, and color comply with all provisions of law, including the Minnesota school bus equipment standards in sections 169.4501 to 169.4504.

Sec. 36. [169.4511] [SCHOOL BUS ACCIDENTS; REINSPECTION.]

Subdivision 1. [POSTCRASH INSPECTION.] A peace officer responding to an accident involving a school bus or Head Start bus must immediately notify the state patrol if the accident results in death or serious personal injury on the school bus, or property damage to the school bus of an apparent extent of more than $4,400. No person shall drive or knowingly permit or cause to be driven, for the purpose of transporting students, any school bus or Head Start bus after such an accident unless the vehicle:

(1) has been inspected by the Minnesota state patrol and the state patrol has determined that the vehicle may safely be operated; or

(2) a waiver has been granted under subdivision 2.

A violation of this section is a misdemeanor.

Subd. 2. [WAIVER.] A state trooper or designee of the Minnesota state patrol called to the scene of an accident by a responding peace officer under subdivision 1 may waive the inspection requirement of subdivision 1 if the trooper or state patrol designee determines that a postcrash inspection is not needed or cannot be accomplished without unreasonable delay. The trooper or state patrol designee granting a waiver must provide to the driver of the school bus for which the waiver is granted a written statement that the inspection has been waived. The written statement must include the incident report number assigned to the accident by the state patrol.

Sec. 37. Minnesota Statutes 1994, section 169.452, is amended to read:

169.452 [ACCIDENT AND SERIOUS INCIDENT REPORTING.]

The department of public safety shall develop uniform definitions of a school bus accident, an incident of serious misconduct, and an incident that results in personal injury or death. The department shall determine what type of information on school bus accidents and incidents, including criminal conduct, and bus driver dismissals for cause should be collected and develop a uniform accident and incident reporting form to collect those data, including data relating to type III vehicles, statewide. In addition to the form, the department shall have an alternative method of reporting that allows school districts to use computer technology to provide the required information. School districts shall report the information required by the department using either format. A school district must not be charged for reporting forms or reporting procedures under this section. Data collected ~~with this reporting form~~ under this section shall be analyzed to help develop accident, crime, and misconduct prevention programs. This section is not subject to chapter 14.

Sec. 38. Minnesota Statutes 1994, section 169.454, subdivision 5, is amended to read:

Subd. 5. [FIRST AID KIT.] A minimum of a ten-unit first aid kit, and a body fluids cleanup kit is required. ~~The bus~~ They must ~~have a~~ be contained in removable, moisture- and dust-proof ~~first aid kit~~ containers mounted in an accessible place within the driver's compartment and must be marked to indicate ~~its~~ their identity and location.

Sec. 39. Minnesota Statutes 1994, section 169.454, is amended by adding a subdivision to read:

Subd. 13. [EXEMPTION.] When a vehicle otherwise qualifying as a type III vehicle under section 169.01, subdivision 6, paragraph (5), whether owned and operated by a school district or privately owned and operated, is used to transport school children in a nonscheduled situation, it shall be exempt from the vehicle requirements of this section and the licensing requirements of section 171.321, if the vehicle is properly registered and insured and operated by an employee or agent of a school district with a valid driver's license.

Sec. 40. Minnesota Statutes 1994, section 171.01, subdivision 21, is amended to read:

Subd. 21. [SCHOOL BUS.] "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120.101, or to or from school-related activities, by the school or a school district or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, ~~or~~ a transit bus providing services as defined in section 174.22, subdivision 7, or a vehicle otherwise qualifying as a type III vehicle under section 169.01, subdivision 6, paragraph (5), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled transportation.

Sec. 41. Minnesota Statutes 1994, section 171.18, subdivision 1, is amended to read:

Subdivision 1. [OFFENSES.] The commissioner may suspend the license of a driver without

preliminary hearing upon a showing by department records or other sufficient evidence that the licensee:

(1) has committed an offense for which mandatory revocation of license is required upon conviction;

(2) has been convicted by a court for violating a provision of chapter 169 or an ordinance regulating traffic and department records show that the violation contributed in causing an accident resulting in the death or personal injury of another, or serious property damage;

(3) is an habitually reckless or negligent driver of a motor vehicle;

(4) is an habitual violator of the traffic laws;

(5) is incompetent to drive a motor vehicle as determined in a judicial proceeding;

(6) has permitted an unlawful or fraudulent use of the license;

(7) has committed an offense in another state that, if committed in this state, would be grounds for suspension;

(8) has committed a violation of section 169.444, subdivision 2, paragraph (a), within five years of a prior conviction under that section;

(9) has committed a violation of section 171.22, except that the commissioner may not suspend a person's driver's license based solely on the fact that the person possessed a fictitious or fraudulently altered Minnesota identification card;

(10) has failed to appear in court as provided in section 169.92, subdivision 4; or

(11) has failed to report a medical condition that, if reported, would have resulted in cancellation of driving privileges.

However, an action taken by the commissioner under clause (2) or (5) must conform to the recommendation of the court when made in connection with the prosecution of the licensee.

Sec. 42. Minnesota Statutes 1994, section 171.321, subdivision 3, is amended to read:

Subd. 3. [STUDY OF APPLICANT.] (a) Before issuing or renewing a school bus endorsement, the commissioner shall conduct a criminal and driver's license records check of the applicant. The commissioner may also conduct the check at any time while a person is so licensed. The check shall consist of a criminal records check of the state criminal records repository and a check of the driver's license records system. If the applicant has resided in Minnesota for less than five years, the check shall also include a criminal records check of information from the state law enforcement agencies in the states where the person resided during the five years before moving to Minnesota, and of the national criminal records repository including the criminal justice data communications network. The applicant's failure to cooperate with the commissioner in conducting the records check is reasonable cause to deny an application or cancel a school bus endorsement. The commissioner may not release the results of the records check to any person except the applicant.

(b) The commissioner may issue to an otherwise qualified applicant a temporary school bus endorsement, effective for no more than 120 days, upon presentation of (1) an affidavit by the applicant that the applicant has not been convicted of a disqualifying offense and (2) a criminal history check from each state of residence for the previous five years. The criminal history check may be conducted and prepared by any public or private source acceptable to the commissioner.

Sec. 43. Minnesota Statutes 1994, section 171.321, subdivision 4, is amended to read:

Subd. 4. [TRAINING.] No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner. A bus driver must have training or experience that allows the driver to meet at least the following competencies:

(1) safely operate the type of school bus the driver will be driving;

(2) understand student behavior, including issues relating to students with disabilities;

(3) ~~ensure~~ encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;

(4) know and understand relevant laws, rules of the road, and local school bus safety policies;

(5) handle emergency situations; and

(6) safely load and unload students~~; and~~

~~(7) demonstrate proficiency in first aid and cardiopulmonary resuscitation procedures.~~

The commissioner of public safety, in conjunction with the commissioner of education, shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety.

Sec. 44. Minnesota Statutes 1994, section 171.321, subdivision 5, is amended to read:

Subd. 5. [ANNUAL EVALUATION.] A school ~~district~~ district's pupil transportation safety director, the chief administrator of a nonpublic school, or a private contractor shall ~~evaluate each bus driver~~ certify annually to ~~assure~~ the commissioner of public safety that, at minimum, each school bus driver ~~continues to meet~~ meets the school bus driver training competencies under subdivision 4 and shall report the number of hours of in-service training completed by each driver. A school district, nonpublic school, or private contractor also shall provide ~~at least eight hours of~~ in-service training annually to each school bus driver. ~~As part of the annual evaluation,~~ A district, nonpublic school, or private contractor also shall check the license of each person who transports students for the district with the National Drivers Register or the department of public safety annually. ~~A school district, nonpublic school, or private contractor shall certify annually to the commissioner of public safety that each driver has received eight hours of in-service training and has met the training competencies~~ The school board must approve and forward the competency certification and in-service report to the commissioner of public safety.

Sec. 45. Minnesota Statutes 1994, section 171.3215, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them.

(b) "School bus driver" means a person possessing a school bus driver's endorsement on a valid Minnesota driver's license or a person possessing a valid Minnesota driver's license who drives a vehicle with a seating capacity of ten or less persons used as a school bus.

(c) "Disqualifying offense" includes any felony offense, any misdemeanor, gross misdemeanor, or felony violation of chapter 152, or any violation under section 609.3451, 609.746, subdivision 1, or 617.23~~;~~ or, while driving, operating, or being in physical control of a school bus or a Head Start bus, a ~~fourth moving violation within a three year period~~ violation of section 169.121, 169.129, or a similar statute or ordinance from another state.

(d) "Head Start bus driver" means a person possessing a valid Minnesota driver's license:

(1) with a passenger endorsement, who drives a Head Start bus;

(2) with a school bus driver's endorsement, who drives a Head Start bus; or

(3) who drives a vehicle with a seating capacity of ten or fewer persons used as a Head Start bus.

Sec. 46. Minnesota Statutes 1994, section 171.3215, subdivision 2, is amended to read:

Subd. 2. [CANCELLATION FOR DISQUALIFYING ~~OFFENSE~~ AND OTHER OFFENSES.]

Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a disqualifying offense, the commissioner shall permanently cancel the school bus driver's endorsement on the offender's driver's license and in the case of a nonresident, the driver's privilege to operate a school bus in Minnesota. A school bus driver whose school bus driver's endorsement or privilege to operate a school bus in Minnesota has been permanently canceled may not apply for reinstatement. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a gross misdemeanor, or a violation of section 169.121 ~~or~~, 169.129, or a similar statute or ordinance from another state, and within ten days of revoking a school bus driver's license under section 169.123, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota for five years. After five years, a school bus driver may apply to the commissioner for reinstatement. Even after five years, cancellation of a school bus driver's endorsement or a nonresident's privilege to operate a school bus in Minnesota for a ~~conviction~~ violation under section 169.121, 169.123, ~~or~~ 169.129, or a similar statute or ordinance from another state, shall remain in effect until the driver provides proof of successful completion of an alcohol or controlled substance treatment program. For a first offense, proof of completion is required only if treatment was ordered as part of a chemical use assessment. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a fourth moving violation in the last three years, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota until one year has elapsed since the last conviction. A school bus driver who has no new convictions after one year may apply for reinstatement. Upon canceling the offender's school bus driver's endorsement, the commissioner shall immediately notify the licensed offender of the cancellation in writing, by depositing in the United States post office a notice addressed to the licensed offender at the licensed offender's last known address, with postage prepaid thereon.

Sec. 47. Minnesota Statutes 1994, section 171.3215, subdivision 3, is amended to read:

Subd. 3. [BACKGROUND CHECK.] Before issuing or renewing a driver's license with a school bus driver's endorsement, the commissioner shall conduct an investigation to determine if the applicant has been convicted of committing a disqualifying offense, four moving violations in the previous three years, a violation of section 169.121 ~~or~~, 169.129, or a similar statute or ordinance from another state, a gross misdemeanor, or if the applicant's driver's license has been revoked under section 169.123. The commissioner shall not issue a new bus driver's endorsement and shall not renew an existing bus driver's endorsement if the applicant has been convicted of committing a disqualifying offense. The commissioner shall not issue a new bus driver's endorsement and shall not renew an existing bus driver's endorsement if, within the previous five years, the applicant has been convicted of committing a violation of section 169.121 ~~or~~, 169.129, or a similar statute or ordinance from another state, a gross misdemeanor, or if the applicant's driver's license has been revoked under section 169.123, or if, within the previous three years, the applicant has been convicted of four moving violations. An applicant who has been convicted of violating section 169.121 ~~or~~, 169.129, or a similar statute or ordinance from another state, or who has had a license revocation under section 169.123 within the previous ten years must show proof of successful completion of an alcohol or controlled substance treatment program in order to receive a bus driver's endorsement. For a first offense, proof of completion is required only if treatment was ordered as part of a chemical use assessment. A school district or contractor that employs a nonresident school bus driver must conduct a background check of the employee's driving record and criminal history in both Minnesota and the driver's state of residence. Convictions for disqualifying offenses, gross misdemeanors, a fourth moving violation within the previous three years, or violations of section 169.121, 169.129, or a similar statute or ordinance in another state, must be reported to the department of public safety.

Sec. 48. [604A.015] [SCHOOL BUS DRIVER IMMUNITY FROM LIABILITY.]

A school bus driver who, while on duty, provides emergency care, advice, or assistance at the scene of an emergency or during transit to a location where professional medical care can be rendered, is not liable in ordinary negligence, for any civil damages as a result of acts or omissions to the person to whom assistance is rendered by the school bus driver in rendering the emergency

care, advice, or assistance. For the purposes of this section, the scene of an emergency is an area outside the confines of a hospital or other institution that has hospital facilities, or an office of a person licensed to practice one or more of the healing arts under chapter 147, 148, 150A, or 153.

Sec. 49. Minnesota Statutes 1994, section 631.40, subdivision 1a, is amended to read:

Subd. 1a. [CERTIFIED COPY OF DISQUALIFYING OFFENSE CONVICTIONS SENT TO PUBLIC SAFETY AND SCHOOL DISTRICTS.] When a person is convicted of committing a disqualifying offense, as defined in section 171.3215, subdivision 1, a gross misdemeanor, a fourth moving violation within a three-year period, or a violation of section 169.121 or 169.129, the court shall determine whether the offender is a school bus driver as defined in section 171.3215, subdivision 1, whether the offender possesses a school bus driver's endorsement on the offender's driver's license and in what school districts the offender drives a school bus. If the offender is a school bus driver or possesses a school bus driver's endorsement, the court administrator shall send a certified copy of the conviction to the department of public safety and to the school districts in which the offender drives a school bus within ten days after the conviction.

Sec. 50. [INTERDISTRICT DESEGREGATION TRANSPORTATION GRANTS.]

A district that provides transportation of pupils between resident and nonresident districts for desegregation purposes may apply to the commissioner of education for a grant to cover the additional costs of transportation. The commissioner must develop the form and manner of applications, the criteria to be used to determine when transportation is for desegregation purposes, and the accounting procedure to be used to determine excess costs. In determining the grant amount, the commissioner must consider other revenue received by the district for transportation for desegregation purposes.

Sec. 51. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [TRANSPORTATION AID.] For transportation aid according to Minnesota Statutes, section 124.225:

$145,896,000	.....	1996
$ 22,030,000	.....	1997

The 1996 appropriation includes $21,038,000 for 1995 and $124,858,000 for 1996.

The 1997 appropriation includes $22,030,000 for 1996.

Subd. 3. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 123.3514, or for transportation of pupils attending nonresident districts according to Minnesota Statutes, section 120.062:

$ 92,000	.....	1996
$102,000	.....	1997

Subd. 4. [RURAL COMPUTERIZED TRANSPORTATION ROUTING PILOT PROJECT.] For a grant to independent school district No. 2148, Blue Earth Area, for equipment and software to develop a computerized school bus routing and mapping system:

$25,000	.....	1996

The grantee district shall cooperate with at least two other school districts in developing and implementing the system.

Subd. 5. [WIDE AREA TRANSPORTATION SERVICE PILOT PROJECT.] For a wide area transportation service pilot project:

$250,000	.....	1996

The purpose of the project is to pilot the use of computerized mapping and scheduling programs for school districts to jointly provide transportation services for low-incidence programs in the metropolitan area. These services include, but are not limited to, transportation for special education, nonpublic pupils, results-oriented chartered schools, enrollment options programs, area learning center programs and desegregation programs. The department shall work with representatives of the affected programs, transportation managers from both metropolitan and rural districts, and the metropolitan council. The department shall contract for services as appropriate. The project may consider the relationship of education transportation with transportation services provided by noneducation agencies. This appropriation is available until June 30, 1997.

Subd. 6. [TRANSPORTATION SAFETY.] For student transportation safety aid according to Minnesota Statutes, section 124.225, subdivision 8m:

$2,522,000	.....	1996
$ 380,000	.....	1997

The 1996 appropriation includes $368,000 for 1995 and $2,154,000 for 1996.

The 1997 appropriation includes $380,000 for 1996.

Subd. 7. [BUS INCIDENT REPORTING FORMS.] For the cost of bus incident reporting forms:

$100,000	.....	1996

The commissioner of education, in consultation with the commissioner of public safety and the school bus safety advisory committee, shall use this appropriation to reimburse school districts for the costs of school bus incident reporting forms.

Subd. 8. [INTERDISTRICT DESEGREGATION TRANSPORTATION GRANT.] For grants according to section 51:

$400,000	.....	1996
$630,000	.....	1997

Subd. 9. [TARGETED NEEDS TRANSPORTATION AID.] For aid payments for targeted needs transportation aid according to section 24:

$60,760,000	.....	1997

This appropriation is based on an entitlement of $71,482,000.

Sec. 52. [REPEALER.]

Minnesota Statutes 1994, sections 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 7e, 8a, 8k, 8m, and 10; and 124.226, subdivisions 1, 2, 3a, 4, 5, 6, 7, and 8, are repealed.

Sec. 53. [EFFECTIVE DATE.]

Sections 6 to 9, 18, and 29 to 49 are effective the day following final enactment.

Section 25 is effective beginning with taxes payable in 1996 for fiscal year 1997.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1994, section 120.17, subdivision 3a, is amended to read:

Subd. 3a. [SCHOOL DISTRICT OBLIGATIONS.] Every district shall ensure that:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be

included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the school district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The student's needs and the special education instruction and services to be provided shall be agreed upon through the development of an individual education plan. The plan shall address the student's need to develop skills to live and work as independently as possible within the community. By grade 9 or age 14, the plan shall address the student's needs for transition from secondary services to post-secondary education and training, employment, community participation, recreation, and leisure and home living. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment and educational placement of children with a disability;

(4) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(5) in accordance with recognized professional standards, testing and evaluation materials, and procedures utilized for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(6) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

Sec. 2. Minnesota Statutes 1994, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. [PROCEDURES FOR DECISIONS.] Every district shall utilize at least the following procedures for decisions involving identification, assessment, and educational placement of children with a disability:

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (e) at the district's initiative;

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference, mediation, or other method of alternative dispute resolution that the parties agree to, if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process or other form of alternative dispute resolution shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of an opportunity

for conciliation or other alternative dispute resolution shall be deemed to be satisfied;. Notwithstanding other law, in any proceeding following a conciliation conference, the school district must not offer a conciliation conference memorandum into evidence, except for any portions that describe the district's final proposed offer of service. Otherwise, with respect to forms of dispute resolution, mediation, or conciliation, Minnesota Rule of Evidence 408 applies. The department of education may reimburse the districts or directly pay the costs of lay advocates, not to exceed $150 per dispute, used in conjunction with alternative dispute resolution.

(d) The commissioner shall establish a mediation process to assist parents, school districts, or other parties to resolve disputes arising out of the identification, assessment, or educational placement of children with a disability. The mediation process must be offered as an informal alternative to the due process hearing provided under clause (e), but must not be used to deny or postpone the opportunity of a parent or guardian to obtain a due process hearing.

(e) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted by and in the school district responsible for assuring that an appropriate program is provided in accordance with state board rules, if the parent or guardian continues to object to:

(1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) the proposed placement of their child in, or transfer of their child to a special education program;

(3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;

(4) the proposed provision or addition of special education services for their child; or

(5) the proposed denial or removal of special education services for their child.

~~At least five calendar~~ Within five business days ~~before~~ after the request for a hearing, or as directed by the hearing officer, the objecting party shall provide the other party with a brief written statement of particulars of the objection ~~and~~, the reasons for the objection, and the specific remedies sought. The other party shall provide the objecting party with a written response to the statement of objections within five business days of receipt of the statement.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(f) The decision of the hearing officer pursuant to clause (e) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45-day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the hearing review officer by the parent, guardian, or the school board of the district where the child resides pursuant to clause (g).

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision;

(3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;

(4) state the amount and source of any additional district expenditure necessary to implement the decision; and

(5) be based on the standards set forth in subdivision 3a and the rules of the state board.

(g) Any local decision issued pursuant to clauses (e) and (f) may be appealed to the hearing review officer within 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district responsible for assuring that an appropriate program is provided in accordance with state board rules.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The hearing review officer shall issue a final independent decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

(1) be in writing;

(2) include findings and conclusions; and

(3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(h) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(i) The commissioner of education shall select an individual who has the qualifications enumerated in this paragraph to serve as the hearing review officer:

(1) the individual must be knowledgeable and impartial;

(2) the individual must not have a personal interest in or specific involvement with the student who is a party to the hearing;

(3) the individual must not have been employed as an administrator by the district that is a party to the hearing;

(4) the individual must not have been involved in the selection of the administrators of the district that is a party to the hearing;

(5) the individual must not have a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(6) the individual must not have substantial involvement in the development of a state or local policy or procedures that are challenged in the appeal; and

(7) the individual is not a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, the state department of education, the state board of education, or a parent advocacy organization or group.

(j) In all appeals, the parent or guardian of the pupil with a disability or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the ~~state board of education~~ hearing review officer.

(k) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in the child's current educational placement and shall not be denied initial admission to school.

(l) The child's school district of residence, a resident district, and providing district shall receive notice of and may be a party to any hearings or appeals under this subdivision.

(m) A school district is not liable for harmless technical violations of this subdivision or rules implementing this subdivision if the school district can demonstrate on a case-by-case basis that the violations did not harm the student's educational progress or the parent or guardian's right to notice, participation, or due process.

(n) Within ten calendar days after appointment, the hearing officer shall schedule and hold a prehearing conference. At that conference, or later, the hearing officer may take any appropriate action that a court might take under Rule 16 of Minnesota Rules of Civil Procedure including, but not limited to, scheduling, jurisdiction, and listing witnesses including expert witnesses.

(o) A hearing officer or hearing review officer appointed under this subdivision shall be deemed to be an employee of the state under section 3.732 for the purposes of section 3.736 only.

(p) In order to be eligible for selection, hearing officers and hearing review officers shall participate in training and follow procedures as designated by the commissioner.

Sec. 3. Minnesota Statutes 1994, section 120.17, is amended by adding a subdivision to read:

Subd. 3d. [INTERAGENCY SERVICES.] If at the time of initial referral for an educational assessment, or a reassessment, the school district determines that a child with disabilities who is age 3 through 21 may be eligible for interagency services, the district may request that the county of residence provide a representative to the initial assessment or reassessment team meeting or the first individual education plan team meeting following the assessment or reassessment. The district may request to have a county representative attend other individual education plan team meetings when it is necessary to facilitate coordination between district and county provided services. Upon request from a school district, the resident county shall provide a representative to assist the individual education plan team in determining the child's eligibility for existing health, mental health, or other support services administered or provided by the county. The individual education plan team and the county representative shall develop an interagency plan of care for an eligible child and the child's family to coordinate services required under the child's individual education plan with county services. The interagency plan of care shall include appropriate family information with the consent of the family, a description of how services will be coordinated between the district and county, a description of service coordinator responsibilities and services, and a description of activities for obtaining third-party payment for eligible services, including medical assistance payments.

Sec. 4. [120.175] [TARGETED NEEDS PROGRAM.]

Subdivision 1. [PURPOSE.] School districts shall implement targeted programs to meet the educational needs of learners whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Any of the following may be provided to meet these learners needs:

(1) remedial or individualized instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(2) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(3) flexible school day or school year programs that enable these learners to improve their achievement or that provide additional learning opportunities outside of the normal school schedule;

(4) comprehensive and on-going staff development consistent with district and site plans according to section 126.70, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(5) instructional materials and technology appropriate for meeting the individual needs of these learners;

(6) programs to increase learning opportunities and reduce the learning gap between learners living in high concentrations of poverty and their peers;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for learners receiving services from other governmental agencies, provide home visiting services, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for learners of limited English proficiency; and

(9) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.

Subd. 2. [REVENUE.] At a minimum, a district shall allocate revenue from the following programs to provide targeted services under this section:

(1) limited English proficiency revenue under section 124.273;

(2) assurance of mastery revenue under section 124.311;

(3) compensatory revenue under section 124A.22, subdivision 3;

(4) integration grants and desegregation levies under section 124.912, subdivision 2; and

(5) federal Title 1 funds.

Subd. 3. [BUILDING ALLOCATION.] A district must consider the concentration of children from low-income families, children with limited English proficiency, and children with disabilities in each school building in the district when allocating revenue under the targeted needs program.

Sec. 5. Minnesota Statutes 1994, section 121.8355, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] (a) Each collaborative shall:

(1) establish, with assistance from families and service providers, clear goals for addressing the health, developmental, educational, and family-related needs of children and youth and use outcome-based indicators to measure progress toward achieving those goals;

(2) establish a comprehensive planning process that involves all sectors of the community, identifies local needs, and surveys existing local programs;

(3) integrate service funding sources so that children and their families obtain services from providers best able to anticipate and meet their needs;

(4) coordinate families' services to avoid duplicative and overlapping assessment and intake procedures;

(5) focus primarily on family-centered services;

(6) encourage parents and volunteers to actively participate by using flexible scheduling and actively recruiting volunteers;

(7) provide services in locations that are readily accessible to children and families;

(8) use new or reallocated funds to improve or enhance services provided to children and their families;

(9) identify federal, state, and local institutional barriers to coordinating services and suggest ways to remove these barriers; and

(10) design and implement an integrated local service delivery system for children and their families that coordinates services across agencies and is client centered. The delivery system shall provide a continuum of services for children birth to age 18, or birth through age 21 for individuals with disabilities. The collaborative shall describe the community plan for serving pregnant women and children from birth to age six.

(b) The outcome-based indicators developed in paragraph (a), clause (1), may include the number of low birth weight babies, the infant mortality rate, the number of children who are adequately immunized and healthy, require out-of-home placement or long-term special education services, and the number of minor parents.

Sec. 6. Minnesota Statutes 1994, section 123.3514, subdivision 7, is amended to read:

Subd. 7. [FEES; TEXTBOOKS; MATERIALS.] A post-secondary institution that receives reimbursement for a pupil under subdivision 6 may not charge that pupil for fees, textbooks, materials, support services as defined in section 135A.16, or other necessary costs of the course or program in which the pupil is enrolled if the charge would be prohibited under section 120.74, except for equipment purchased by the pupil that becomes the property of the pupil. An institution may require the pupil to pay for fees, textbooks, and materials for a course taken for post-secondary credit.

Sec. 7. Minnesota Statutes 1994, section 123.3514, is amended by adding a subdivision to read:

Subd. 7b. [SUPPORT SERVICES.] The postsecondary institution shall inform the pupil of the support services available at that institution. If the student has an individual education plan that provides general education support and accommodations, the post-secondary institution shall provide the support services as described in the student's IEP and the post-secondary institution and the district shall negotiate an agreement on the rate to be charged for the services. Nothing in this section shall prevent the student from enrolling while the agreement is being developed. If the parties cannot agree on the services, on application of either party, the commissioner shall resolve the dispute in the same manner the commissioner fixes tuition rates under section 120.17, subdivision 4. The commissioner's decision is binding on both parties.

Sec. 8. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1c. [REVENUE.] A district's limited English proficiency programs revenue for fiscal year 1996 and later equals the product of:

(1) the district's base revenue for limited English proficiency programs under this section and section 124.321, times

(2) the ratio of:

(i) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during the current fiscal year to

(ii) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during fiscal year 1995.

Sec. 9. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1d. [LEP BASE REVENUE.] The limited English proficiency programs base revenue equals the sum of the following amounts, computed using fiscal year 1995 data:

(1) 68 percent of the salaries paid limited English proficiency program teachers; and

(2) for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency, an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of $47 in any one school year for each pupil of limited English proficiency receiving instruction.

Sec. 10. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1e. [AID.] A district's limited English proficiency aid for fiscal year 1996 or later equals the aid percentage factor under section 124.3201, subdivision 1, times the district's limited English proficiency revenue.

Sec. 11. Minnesota Statutes 1994, section 124.32, subdivision 6, is amended to read:

Subd. 6. [FULL STATE PAYMENT; REIMBURSEMENT FROM OTHER STATES.] (a) The state shall pay each district the actual cost incurred in providing instruction and services for a child with a disability whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply to a child placed in a foster home or a foster group home.

Upon following the procedure specified by the commissioner of education, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital expenditures and debt service, minus the amount of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for the child and the special education aid, transportation aid, and any other aid earned on behalf of the child. The limit set forth in subdivision 4 shall apply to aid paid pursuant to this subdivision.

(b) To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose district of residence has been determined by section 120.17, subdivision 8a, who is temporarily placed in a state institution or a licensed residential facility for care and treatment and whose parent or guardian resides in that state. The commissioner may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states shall be paid to the state treasury and placed in the general fund.

(c) A school district, state institution, or residential facility serving a child with a disability whose parent or guardian resides in another state shall establish as part of its admittance procedure the party responsible for the costs of providing special education services to the child.

Sec. 12. Minnesota Statutes 1994, section 124.32, subdivision 7, is amended to read:

Subd. 7. [PROGRAM AND AID APPROVAL.] Before June 1 of each year, each district providing special instruction and services to children with a disability shall submit to the commissioner an application for approval of these programs and their budgets for the next ~~school~~ fiscal year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services during the regular school year and in summer school programs during the next ~~school~~ fiscal year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, for determining the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability pursuant to sections 120.17 and 120.1701. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may ~~also~~ withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the ~~school~~ fiscal year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time the commissioner determines that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Sec. 13. Minnesota Statutes 1994, section 124.32, subdivision 10, is amended to read:

Subd. 10. [SUMMER SCHOOL.] ~~The state shall pay aid for summer school programs for children with a disability on the basis of subdivisions 1b, 1d, and 5 for the current school year. The state shall also pay to the Minnesota state academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan.~~ By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs.

Sec. 14. [124.3201] [SPECIAL EDUCATION REVENUE.]

Subdivision 1. [DEFINITIONS] For the purposes of this section and sections 124.3202 and 124.321, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. Base year for later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.

(d) "Average daily membership" has the meaning given it in section 124.17.

(e) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for u fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal years 2000 and later.

(f) "Levy percentage factor" means 100 minus the aid percentage factor for that year.

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the regular school year, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability an amount equal to 47 percent of the sum actually expended by the district but not to exceed an average of $47 in any one school year for each child with a disability receiving instruction; and

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during that fiscal year.

Subd. 3. [ADJUSTED SPECIAL EDUCATION BASE REVENUE.] For fiscal year 1996 and later, a district's adjusted special education base revenue equals the district's special education base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 4. [STATE TOTAL SPECIAL EDUCATION REVENUE.] The state total special education revenue for fiscal year 1996 equals $327,845,000. The state total special education revenue for fiscal year 1997 equals $347,809,000. The state total special education revenue for later fiscal years equals:

(1) the state total special education revenue for the preceding fiscal year; times

(2) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Subd. 5. [SCHOOL DISTRICT SPECIAL EDUCATION REVENUE.] A school district's special education revenue for fiscal year 1996 and later equals the state total special education revenue times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue.

Subd. 6. [SPECIAL EDUCATION AID.] A school district's special education aid for fiscal year 1996 and later equals the district's special education revenue times the aid percentage factor for that year.

Subd. 7. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES.] For the purposes of this section and section 124.321, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education aid for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 15. [124.3202] [SPECIAL EDUCATION SUMMER PROGRAM REVENUE FOR FISCAL YEAR 1996.]

Subdivision 1. [SUMMER PROGRAM BASE REVENUE.] The summer program base revenue for fiscal year 1996 equals the sum of the following amounts computed using base year data:

(1) 68 percent of the summer program salary of each essential person employed in the district's program for children with a disability, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the summer program salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract for the summer program and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract; and

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the summer program contract for that pupil.

Subd. 2. [ADJUSTED SUMMER PROGRAM BASE REVENUE.] For fiscal year 1996, a district's adjusted summer program base revenue equals the district's summer program base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 3. [STATE TOTAL SUMMER PROGRAM REVENUE.] The state total summer program revenue for fiscal year 1996 equals $7,183,000.

Subd. 4. [SCHOOL DISTRICT SUMMER PROGRAM REVENUE.] A school district's summer program revenue for fiscal year 1996 equals the state total summer program revenue times the ratio of the district's adjusted summer program base revenue to the state total adjusted summer program base revenue.

Subd. 5. [SPECIAL EDUCATION SUMMER PROGRAM AID.] A school district's special education summer program aid for fiscal year 1996 equals the district's summer program revenue times the aid percentage factor for that year.

Subd. 6. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES.] For the purposes of this section and section 124.321, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education summer program aid for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 16. Minnesota Statutes 1994, section 124.321, subdivision 1, is amended to read:

Subdivision 1. [LEVY EQUALIZATION REVENUE.] (a) For fiscal year 1996, special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

~~(1) 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.32, subdivisions 1b and 1d, for the year to which the levy is attributable, plus~~

~~(2) 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus~~

~~(3) 68 percent of the salaries paid to limited English proficiency program teachers in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable, plus~~

~~(4) the alternative delivery levy revenue determined according to section 124.322, subdivision 4, plus~~

~~(5) the amount allocated to the district by special education cooperatives or intermediate districts in which it participates according to subdivision 2.~~

~~A district that receives alternative delivery levy revenue according to section 124.322, subdivision 4, shall not receive levy equalization revenue under clause (1) or subdivision 2, clause (1), for the same fiscal year.~~

(1) the levy percentage factor for that year times the district's special education revenue under section 124.3201; plus

(2) the levy percentage factor for that year times the district's special education summer program revenue under section 124.3202; plus

(3) the levy percentage factor for that year times the district's special education excess cost revenue under section 124.323; plus

(4) the levy percentage factor for that year times the district's secondary vocational education for children with a disability revenue under section 124.574; plus

(5) the levy percentage factor for that year times the district's limited English proficiency programs revenue under section 124.273.

(b) For fiscal years 1997 and later, special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

(1) the levy percentage factor for that year times the district's special education revenue under section 124.3201; plus

(2) the levy percentage factor for that year times the district's special education excess cost revenue under section 124.323; plus

(3) the levy percentage factor for that year times the district's secondary vocational education for children with a disability revenue under section 124.574; plus

(4) the levy percentage factor for that year times the district's limited English proficiency programs revenue under section 124.273.

Sec. 17. Minnesota Statutes 1994, section 124.321, subdivision 2, is amended to read:

Subd. 2. [REVENUE ALLOCATION FROM ~~COOPERATIVES AND INTERMEDIATE DISTRICTS~~ STATE ACADEMIES.] (a) ~~For purposes of this section, a special education cooperative or an intermediate district shall allocate to participating school districts the sum of the following amounts:~~

~~(1) 68 percent of the salaries paid to essential personnel in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus~~

~~(2) 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus~~

~~(3) 68 percent of the salaries paid to limited English proficiency program teachers in that cooperative or intermediate district minus the amount of state aid and any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable.~~

~~(b) A special education cooperative or an intermediate district that allocates amounts to participating school districts under this subdivision must report the amounts allocated to the department of education.~~

~~(c)~~ For purposes of this ~~subdivision~~ section, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to ~~68 percent of salaries paid to instructional aides in either academy minus the amount of state aid and any federal aid, if applicable, paid to either academy for salaries of these instructional aides under sections 124.32, subdivisions 1b and 10,~~ the levy percentage factor for that year times their special education revenue under section 124.3201 and, for fiscal year 1996, their special education summer program revenue under section 124.3202, for the year to each school district that assigns a child with an individual education plan requiring an instructional aide to attend either academy. The school districts that assign a child who requires an instructional aide may make a levy in the amount of the costs allocated to them by either academy.

~~(d)~~ (b) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates ~~unreimbursed portions of salaries of instructional aides~~ revenue among school districts that assign a child who requires an instructional aide, for purposes of the districts making a levy under this subdivision, the academy shall provide information to the department of education on the amount of ~~unreimbursed costs of salaries~~ revenue it allocated to the school districts that assign a child who requires an instructional aide.

Sec. 18. Minnesota Statutes 1994, section 124.322, is amended to read:

124.322 [ALTERNATIVE DELIVERY BASE REVENUE ADJUSTMENT.]

Subdivision 1. [ELIGIBILITY.] A district is eligible for an alternative delivery base revenue adjustment if the commissioner of education has approved the application of the district according to section 120.173.

Subd. 1a. [~~DEFINITIONS~~ BASE REVENUE ADJUSTMENT.] ~~In this section, the definitions in this subdivision apply.~~

~~(a) "Base revenue" means the following:~~

~~(1) for the first fiscal year after approval of the district's application, base revenue means the sum of the district's revenue for the preceding fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1;~~

~~(2) for the second fiscal year after approval of a district's application, base revenue means the sum of the district's revenue for the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1; and~~

~~(3)~~ For the third fiscal year after approval of a district's application, and thereafter, the special education base revenue under section 124.3201, subdivision 1, and the summer program base revenue ~~means the sum of the revenue a district would have been entitled to in the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1,~~ under section 124.3202, subdivision 1, shall be computed based on activities defined as reimbursable under state board rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education.

~~(b) "Base aid" means the following:~~

~~(1) for the first fiscal year after approval of a district's application, base aid means the sum of the district's gross aid for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10;~~

~~(2) for the second fiscal year after approval of a district's application, base aid means the sum of the district's gross aid for the second prior fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10; and~~

~~(3) for the third fiscal year after approval of a district's application and thereafter, base aid means the sum of the gross aid the district would have been entitled to in the second prior fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10, based on activities defined as reimbursable under state board of education rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education in the application plan.~~

~~(c) Notwithstanding paragraphs (a) and (b), base revenue and base aid for 1995 and later fiscal years must not include revenue and aid under section 124.32, subdivision 5.~~

~~(d) "Alternative delivery revenue inflator" means:~~

~~(1) for the first fiscal year after approval of a district's application, the greater of 1.017 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the previous fiscal year.~~

~~(2) for the second and later fiscal years, the greater of 1.034 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the second prior fiscal year.~~

~~(e) The commissioner of education shall adjust each district's base revenue and base aid to reflect any changes in special education services required by rule or statute.~~

~~Subd. 2. [AMOUNT OF ALTERNATIVE DELIVERY REVENUE.] For the first fiscal year after approval of an application, a district's alternative delivery revenue equals its base revenue multiplied by the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the immediately preceding fiscal year. For the second and later fiscal years a district's alternative delivery revenue equals its base revenue multiplied by the product of the alternative delivery~~

~~revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year.~~

~~Subd. 3. [ALTERNATIVE DELIVERY AID.] For the first fiscal year after approval of an application, a district's alternative delivery aid equals its base aid multiplied by the product of 1.017 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the preceding fiscal year. For the second and later fiscal years a district's alternative delivery aid equals its base aid multiplied by the product of 1.034 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year. A district that receives aid under this subdivision shall not receive aid under section 124.32, subdivisions 1b, 1d, 2, 5, and 10, for the same fiscal year.~~

~~Subd. 4. [ALTERNATIVE DELIVERY LEVY REVENUE.] A district shall receive alternative delivery levy revenue equal to the difference between the alternative delivery revenue and the alternative delivery aid. If the alternative delivery aid for a district is prorated, the alternative delivery levy revenue shall be increased by the amount not paid by the state due to proration. The alternative delivery levy revenue shall be included under section 124.321, subdivision 1, for purposes of computing the special education levy under section 124.321, subdivision 3, and the special education levy equalization aid under section 124.321, subdivision 4.~~

Subd. 5. [USE OF REVENUE.] Revenue under ~~this section~~ sections 124.3201 and 124.3202 shall be used to implement the approved program.

Sec. 19. Minnesota Statutes 1994, section 124.323, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section, the definitions in this subdivision apply.

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenue under sections ~~124.32, subdivisions 1b, 1d, 2, and 10, and 124.322, subdivision 2~~ 124.3201, 124.3202, and 124.321; plus

(2) expenditures for tuition bills received under section 120.17; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections ~~124.32, subdivisions 1b, 1d, 2, and 10; 124.321, subdivision 1, clause (1); and 124.322, subdivision 2~~ 124.3201, 124.3202, and 124.321; minus

(4) tuition receipts under section 120.17.

(b) "General revenue," for fiscal year 1996, means the sum of the general education revenue according to section 124A.22, subdivision 1, plus the total referendum revenue according to section 124A.03, subdivision 1e. For fiscal years 1997 and later, "general revenue" means the sum of the general education revenue according to section 124A.22, subdivision 1, plus the total referendum revenue minus transportation sparsity revenue minus total operating capital revenue.

Sec. 20. Minnesota Statutes 1994, section 124.323, subdivision 2, is amended to read:

Subd. 2. [EXCESS COST ~~AID~~ REVENUE.] For ~~1995~~ 1996 and later fiscal years, a district's special education excess cost ~~aid~~ revenue equals the product of:

(1) 70 percent of the difference between (i) the district's unreimbursed special education cost per actual pupil unit and (ii) six percent for fiscal year 1996 and 5.7 percent for fiscal year 1997 and later years of the district's general revenue per actual pupil unit, times

(2) the district's actual pupil units for that year.

Sec. 21. Minnesota Statutes 1994, section 124.323, is amended by adding a subdivision to read:

Subd. 3. [EXCESS COST AID.] For 1996 and later fiscal years, a district's special education excess cost aid equals the district's special education excess cost revenue times the aid percentage factor for that year.

Sec. 22. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2c. [DEFINITIONS.] For the purposes of this section and section 124.321, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. Base year for later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Average daily membership" has the meaning given it in section 124.17.

(d) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal years 2000 and later.

Sec. 23. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2d. [BASE REVENUE.] The secondary vocational disabled program base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential licensed person who provides direct instructional services to students employed during that fiscal year for services rendered in that district's secondary vocational education programs for children with a disability;

(2) 47 percent of the costs of necessary equipment for secondary vocational education programs for children with a disability;

(3) 47 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of children with a disability but not including travel to and from local, regional, district, state, or national vocational student organization meetings;

(4) 47 percent of the costs of necessary supplies for secondary vocational education programs for children with a disability but not to exceed an average of $47 in any one school year for each child with a disability receiving these services;

(5) for secondary vocational education programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(6) for secondary vocational education programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract; and

(7) for a contract approved by the commissioner with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12, 52 percent of the amount of the contract.

Sec. 24. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2e. [ADJUSTED SECONDARY VOCATIONAL-DISABLED BASE REVENUE.] For fiscal year 1996 and later, a district's adjusted secondary vocational-disabled base revenue equals the district's secondary vocational-disabled base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Sec. 25. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2f. [STATE TOTAL SECONDARY VOCATIONAL-DISABLED REVENUE.] The

state total secondary vocational-disabled revenue for fiscal year 1996 equals $7,645,000. The state total secondary vocational-disabled revenue for fiscal year 1997 equals $7,960,000. The state total secondary vocational-disabled revenue for later fiscal years equals:

(1) the state total secondary vocational-disabled revenue for the preceding fiscal year; times

(2) the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

Sec. 26. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2g. [SCHOOL DISTRICT SECONDARY VOCATIONAL-DISABLED REVENUE.] A school district's secondary vocational-disabled revenue for fiscal year 1996 and later equals the state total secondary vocational-disabled revenue times the ratio of the district's adjusted secondary vocational-disabled base revenue to the state total adjusted secondary vocational-disabled base revenue.

Sec. 27. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2h. [SCHOOL DISTRICT SECONDARY VOCATIONAL-DISABLED AID.] A school district's secondary vocational-disabled aid for fiscal year 1996 and later equals the district's secondary vocational-disabled revenue times the aid percentage factor for that year.

Sec. 28. Minnesota Statutes 1994, section 124.574, subdivision 9, is amended to read:

Subd. 9. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] For purposes of this section and section 124.321, a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational programs for children with a disability among participating school districts. Aid for secondary vocational programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 29. Minnesota Statutes 1994, section 125.62, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] A grant program is established to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The state board may award a joint grant to each of the following:

(1) the Duluth campus of the University of Minnesota and independent school district No. 709, Duluth;

(2) Bemidji state university and independent school district No. 38, Red Lake;

(3) Moorhead state university and one of the school districts located within the White Earth reservation; and

(4) Augsburg college, independent school district No. 625, St. Paul, and special school district No. 1, Minneapolis.

Sec. 30. Minnesota Statutes 1994, section 125.62, subdivision 7, is amended to read:

Subd. 7. [LOAN FORGIVENESS.] The loan may be forgiven if the recipient is employed as a teacher, as defined in section 125.12 or 125.17, in an eligible school or program in Minnesota. ~~One-fifth~~ One-fourth of the principal of the outstanding loan amount shall be forgiven for each year of eligible employment, or a pro rata amount for eligible employment during part of a school year, part-time employment as a substitute teacher, or other eligible part-time teaching. Loans for $2,500 or less may be forgiven at the rate of up to $1,250 per year. The following schools and programs are eligible for the purposes of loan forgiveness:

(1) a school or program operated by a school district;

(2) a tribal contract school eligible to receive aid according to section 124.86;

(3) a head start program;

(4) an early childhood family education program; ~~or~~

(5) a program providing educational services to children who have not entered kindergarten; or

(6) a program providing educational enrichment services to American Indian students in grades kindergarten through 12.

If a person has an outstanding loan obtained through this program, the duty to make payments of principal and interest may be deferred during any time period the person is enrolled at least one-half time in an advanced degree program in a field that leads to employment by a school district. To defer loan obligations, the person shall provide written notification to the state board of education and the recipients of the joint grant that originally authorized the loan. Upon approval by the state board and the joint grant recipients, payments shall be deferred.

The loan forgiveness program, loan deferral, and procedures to administer the program shall be approved by the higher education coordinating board.

Sec. 31. Minnesota Statutes 1994, section 126.49, is amended by adding a subdivision to read:

Subd. 2a. [RESOLUTION OR LETTER.] All persons applying for a license under this section must submit to the board a resolution or letter of support signed by an American Indian tribal government or its designee. All persons holding a license under this section on the effective date of this section must have on file or file with the board a resolution or letter of support signed by a tribal government or its designee by January 1, 1996, or the next renewal date of the license thereafter.

Sec. 32. Laws 1994, chapter 587, article 3, section 19, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL EDUCATION AID.] $17,500,000 is appropriated in fiscal year 1994 from the general fund to the department of education for special education aid to school districts. This appropriation is available until June 30, 1995. This amount is added to the appropriations for aid for special education programs contained in Laws 1993, chapter 224, article 3, section 38, subdivisions 2, 4, 8, 11, and 14. The individual appropriations shall be increased by the commissioner of finance in the amounts determined by the commissioner of education. This amount is appropriated to eliminate the fiscal year 1993 deficiencies and eliminate or reduce the fiscal year 1995 deficiencies in the appropriations in those subdivisions. Any amount not needed for these purposes is available to eliminate or reduce the fiscal year 1994 deficiencies in the appropriations in those subdivisions. The commissioner of finance shall transfer amounts among the appropriations in those subdivisions as determined by the department of education. The department must reduce a school district's payable 1995 levy limitations by the full amount of the aid payments made to the school district according to this subdivision. This appropriation shall not be included in determining the amount of a deficiency in the special education programs for fiscal ~~year~~ years 1994 and 1995 for the purpose of allocating any excess appropriations to aid or grant programs with insufficient appropriations as provided in Minnesota Statutes, section 124.14, subdivision 7. Notwithstanding Minnesota Statutes, section 124.195, subdivision 10, 100 percent of this appropriation must be paid in fiscal years 1994 and 1995. This appropriation is not to be included in a base budget for future fiscal years.

Sec. 33. [OPTIONS PLUS PILOT PROGRAM.]

Subdivision 1. [PURPOSE.] A pilot program is established to support general education classroom teachers who teach children with specific learning disabilities. The goals of the pilot program are to:

(1) increase participation of these children in noncategorical programming designed to encourage their maximum potential and maintain their self-esteem;

(2) demonstrate results in measurable educational outcomes;

(3) provide alternatives to special education that focus on children's educational progress and results, respond to the individual child, are efficient and cost-effective, and ensure the rights of eligible children and their families to due process;

(4) increase general education's ability to educate in a manner that decreases the need for pull-out programs for students with specific learning disabilities; and

(5) implement alternative approaches to conflict resolution.

Subd. 2. [DEFINITIONS.] For the purposes of this section the terms defined in this subdivision have the meanings given them.

(a) "Accommodation" means any technique that alters the educational setting to enable the child to reach the child's maximum potential and to demonstrate more accurately the child's knowledge and educational progress. Accommodations may include, but are not limited to: preferential seating, paraphrasing of information, instructions, practice activities and directions provided in a manner consistent with the child's learning style, opportunity for increased response time, more frequent opportunity for review, extended time to complete assignments and tests, larger print for assignments or tests, special study sheets, extended or untimed tests, oral testing and answering, and use of assistive technology within and outside the educational environment.

(b) "Assistive technology" means any item, piece of equipment, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities.

(c) "Competency" means a documented and demonstrated attitude, skill, or knowledge base resulting in an ability of general education personnel to provide accommodations, modifications, and personalized instruction, according to the eligible child's individual learning styles, within general education environments.

(d) "Consistently available" means that education personnel who demonstrate competency are site-based and designated as a resource for the development and use of accommodations, modifications, and personalized instruction in general education.

(e) "Eligible children" means those children who have specific learning disabilities or conditions related to these disabilities according to recognized professional standards and documented by appropriately licensed personnel.

(f) "Learner plan" means a concise written plan that is based on the eligible child's documented specific learning disabilities and needs; includes the eligible child's strengths that may compensate for those differences and needs; provides the child, the child's parent, and all general education personnel responsible for direct instruction with information that results in clear understanding and subsequent use of accommodations, modifications, and personalized instruction; and includes methods of evaluating the child's progress that are consistent with learning differences, needs, strengths, modifications, and accommodations, and are at intervals identical to the student population of the school in which the child participating in Options Plus is enrolled.

(g) "Modification" means any technique that alters the school work required, makes it different from the school work required or other students in the same course, and encourages the eligible child to reach the child's maximum potential and facilitate educational success. Modifications may include, but are not limited to: copies of teacher notes and lesson plans, assisted note taking, reduced or altered assignments, increased assignments in areas of strength, alternative test formats, modified testing, peer assistance, cooperative learning, and modified grading such as documentation of progress and results.

(h) "Parent" means a parent, guardian, or person acting as a parent of a child.

(i) "Personalized instruction" means direct instruction designed with knowledge of the child's learning style, strengths, and differences, to assist the child to gain in skill areas, so the child demonstrates progress toward and outcomes necessary to become a successful citizen.

Subd. 3. [APPLICATION.] (a) An Options Plus applicant must be a school district or districts that cooperate for a particular purpose. To be eligible for an Options Plus pilot program grant, a district or districts must submit an application to the commissioner of education in the form and manner prescribed by the commissioner. The application must describe:

(1) how the applicant will ensure that eligible children receive accommodations, modifications, and personalized instruction;

(2) the methods to be used to develop a learner plan for each child participating in the program and to evaluate individual progress, outcomes, and cumulative results including parent satisfaction;

(3) the projected number of students participating in the program;

(4) the current and projected level of educator competency at each district site where an Options Plus program will be established;

(5) procedures for assessing and determining eligibility of students with specific learning disabilities in accordance with Minnesota Rules, parts 3525.1325 to 3525.1347;

(6) procedures for informing the parent and child, as appropriate, of all procedural safeguards and dispute resolution alternatives available under the Individuals with Disabilities Education Act (IDEA), United States Code, title 20, section 1400 et seq., American with Disabilities Act of 1990 (ADA), United States Code, title 42, section 12101 et seq., Rehabilitation Act of 1973, United States Code, title 29, section 794, and applicable state law;

(7) alternative dispute resolution methods to be implemented if agreed upon by the parent and are instituted in a timely manner not to exceed 30 days or in accordance with current laws; and

(8) any additional information required by the commissioner.

(b) Districts shall continue accounting procedures for documenting that federal special education funds are expended for child find, identification, and evaluation consistent with federal law. A district shall not include children participating in the Options Plus program in special education child counts or funding formulas.

Subd. 4. [RIGHTS OF PARENT AND CHILD.] Any child enrolled in an Options Plus pilot program may withdraw at any time upon written request of the parent or child and seek or reinstate eligibility for services under Minnesota Statutes, section 120.17. If a child who withdraws was previously served through an individual education plan under Minnesota Statutes, section 120.17, the parent shall retain the right to immediately reinstate the last agreed upon individual education plan.

Subd. 5. [USE OF FUNDS.] Options Plus pilot program grants shall be used to supplement staff development funding under Minnesota Statutes, section 124A.29, to train general education classroom teachers to meet the needs of children with specific learning disabilities. The training shall result in each participating teacher achieving the following competencies:

(1) understanding and communicating to the parents of the child the options available for instruction;

(2) the ability to assess the learning environment and provide the necessary accommodations, modifications, and personalized instruction necessary to meet the needs of the child; and

(3) the ability to work collaboratively and in teams with other teachers and support and related services staff.

Subd. 6. [REPORT.] A school district receiving an Options Plus pilot program grant shall report to the commissioner of education on the educational impact and cost-effectiveness of the Options Plus program by February 15, 1997. The commissioner shall evaluate the effectiveness of the Options Plus program and recommend to the education committees of the legislature by February 15, 1998, whether the program should be continued or expanded statewide and whether to include other disability areas.

Sec. 34. [MEXICAN ORIGIN EDUCATION PILOT GRANT PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A Mexican origin education pilot grant program is established to assist school districts and communities in meeting the educational and culturally related academic needs of students of Mexican origin.

Subd. 2. [EXPECTED OUTCOMES.] Grant recipients shall use the funds for programs

designed to improve the school success of students of Mexican origin. Grant proceeds may be used for curriculum and staff development, tutoring, mentoring, parent involvement, and other programs that are designed to:

(1) improve student achievement and reduce dropout rates;

(2) increase student knowledge and understanding of Mexican history;

(3) improve instruction by developing the cultural competence skills of teachers and other staff; and

(4) increase parent involvement in education and the school community.

Subd. 3. [GRANT ELIGIBILITY, APPLICATIONS, AND AWARDS.] The commissioner of education shall prescribe the form and manner of applications and may award grants to the applicants likely to meet the outcomes in subdivision 2. The commissioner shall give preference to grant proposals that provide collaboration with community resources and a local match.

Sec. 35. [COMMISSIONERS' DUTIES.]

Subdivision 1. [ALIGNMENT OF RULES.] The commissioners of education, human services, and health shall review current state rules and statutes concerning the disability definitions, eligibility criteria, assessment and diagnostic practices, licensing of service providers, aversive and deprivation procedures, and case management procedures for programs and services for children with disabilities provided by the education and human services systems. The commissioners shall report to the education and health and human services committees of the legislature by February 15, 1996, on recommendations for modifying state rules and statutes and applying for necessary federal waivers to improve service delivery and promote integration and collaboration between the education and human services systems. The commissioners shall include state and local program administrators and service providers in the process for reviewing the state statutes and rules.

Sec. 36. [LOCAL TRAINING PROGRAMS.]

The commissioners of education, human services, and health shall jointly develop and implement a training program for local staff in school districts and county human services and social services agencies who work with children with disabilities and their families. Implementation of the training program shall begin no later than January 15, 1996. The training shall familiarize staff with the disability definitions, eligibility criteria, assessment and diagnostic practices, available services, and case management procedures of each of the service providing systems. The goal of the training is to enable local staff to determine if children with disabilities may be eligible for interagency services, involve staff from appropriate agencies in collaboratively developing a multiagency plan of care, reduce duplication and promote service coordination, and improve services to children with disabilities and their families.

Sec. 37. [COMPREHENSIVE EARLY INTERVENTION PROGRAM FOR STUDENTS WITH EMOTIONAL OR BEHAVIORAL DISORDERS.]

Subdivision 1. [ESTABLISHMENT.] A pilot program is established in independent school district No. 624, White Bear Lake, to provide comprehensive early intervention services to children with emotional or behavioral disorders. The goals of the pilot program are to:

(1) improve learner outcomes for children with emotional or behavioral disorders;

(2) reduce the need for placement of children with emotional or behavioral disorders in special education programs under Minnesota Statutes, section 120.17;

(3) reduce the number of school exclusions, expulsions, and suspensions;

(4) reduce the number of children entering the juvenile justice system; and

(5) improve the cost-effectiveness of services for children with emotional or behavioral disorders.

Subd. 2. [APPLICATION; EVALUATION.] (a) To participate in the pilot program, the district

shall submit an application to the commissioner of education in the form and manner prescribed by the commissioner. The application shall include a plan for developing and implementing a comprehensive early intervention program that provides for the following:

(1) early identification of children who are demonstrating characteristics or behavior that may lead to placement in a special education program under Minnesota Statutes, section 120.17, and Minnesota Rules, part 3525.1329;

(2) flexible early intervention strategies that are performance based and may include the school, local mental health agencies, the parent, and the community;

(3) mentoring programs that may include both adult community mentors or student peer mentors;

(4) collaboration with local mental health, social services, law enforcement, and nonprofit agencies;

(5) flexible instructional delivery alternatives that may include an extended school year, flexible school days, or work-based learning programs;

(6) extensive parent involvement in developing and implementing early intervention strategies, including parent training in appropriate intervention skills; and

(7) technology-based systems for individualized instruction and student record management.

(b) The district shall contract with an independent agency for an evaluation of the effectiveness of the pilot program and report to the commissioner of education by January 15, 1997.

Sec. 38. [HOMESTEAD AND AGRICULTURAL CREDIT ADJUSTMENT.]

(a) Prior to the computation of homestead and agricultural aid for taxes payable in 1996, the commissioner of revenue shall reduce the school district's homestead and agricultural aid by an amount equal to the lesser of: (1) 25 percent times the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(b) Prior to the computation of homestead and agricultural aid for taxes payable in 1997, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) 50 percent times the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(c) Prior to the computation of homestead and agricultural aid for taxes payable in 1998, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) 75 percent times the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(d) Prior to the computation of homestead and agricultural aid for taxes payable in 1999, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) the amount of the district's homestead and agricultural aid for calendar year 1995; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

(e) Prior to the computation of homestead and agricultural aid for taxes payable in 2000 and later years, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the lesser of: (1) any remaining amount of the district's homestead and agricultural aid; or (2) an amount equal to one percent times the district's adjusted net tax capacity for assessment year 1994.

Sec. 39. [OSSEO LEVY.]

For 1995 taxes payable in 1996 only, independent school district No. 279, Osseo, may levy a

tax in an amount not to exceed $500,000. The proceeds of this levy must be used to provide instructional services for at-risk children.

Sec. 40. [FEDERAL SPECIAL EDUCATION FUNDS.]

A school district shall not transfer a special education expenditure from a federal revenue source to a state revenue source for fiscal year 1995 after March 30, 1995.

Sec. 41. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.

Subd. 2. [SPECIAL EDUCATION AID.] For special education aid according to Minnesota Statutes, section 124.32:

$195,431,000	.....	1996
$236,453,000	.....	1997

The 1996 appropriation includes $28,230,000 for 1995 and $167,201,000 for 1996.

The 1997 appropriation includes $29,506,000 for 1996 and $206,947,000 for 1997.

Subd. 3. [SPECIAL PUPIL AID.] For special education aid according to Minnesota Statutes, section 124.32, subdivision 6, for pupils with handicaps placed in residential facilities within the district boundaries for whom no district of residence can be determined:

$470,000	.....	1996
$479,000	.....	1997

If the appropriation for either year is insufficient, the appropriation for the other year is available. If the appropriations for both years are insufficient, the appropriation for special education aid may be used to meet the special pupil obligations.

Subd. 4. [SUMMER SPECIAL EDUCATION AID.] For special education summer program aid according to Minnesota Statutes, section 124.32, subdivision 10:

$4,310,000	.....	1996
$2,610,000	.....	1997

The 1996 appropriation is for 1995 summer programs.

The 1997 appropriation is for 1996 summer programs provided in fiscal year 1996.

Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 124.32, subdivision 2b:

$77,000	.....	1996
$80,000	.....	1997

The 1996 appropriation includes $11,000 for 1995 and $66,000 for 1996.

The 1997 appropriation includes $11,000 for 1996 and $69,000 for 1997.

Subd. 6. [EXCESS COST AID.] For excess cost aid:

$6,296,000	.....	1996
$12,197,000	.....	1997

The 1996 appropriation includes $760,000 for 1995 and $5,536,000 for 1996.

The 1997 appropriation includes $977,000 for 1996 and $11,220,000 for 1997.

Subd. 7. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] For aid to educational programs for pupils of limited English proficiency according to Minnesota Statutes, section 124.273:

$7,121,000	.....	1996
$9,003,000	.....	1997

The 1996 appropriation includes $945,000 for 1995 and $6,176,000 for 1996.

The 1997 appropriation includes $1,090,000 for 1996 and $7,913,000 for 1997.

Subd. 8. [SECONDARY VOCATIONAL; STUDENTS WITH DISABILITIES.] For aid for secondary vocational education for pupils with disabilities according to Minnesota Statutes, section 124.574:

$4,489,000	.....	1996
$5,424,000	.....	1997

The 1996 appropriation includes $590,000 for 1995 and $3,899,000 for 1996.

The 1997 appropriation includes $688,000 for 1996 and $4,736,000 for 1997.

Subd. 9. [SPECIAL PROGRAMS EQUALIZATION AID.] For special programs levy equalization aid according to Minnesota Statutes, section 124.321:

$24,525,000	.....	1996
$19,030,000	.....	1997

The 1996 appropriation includes $2,584,000 for 1995 and $21,941,000 for 1996.

The 1997 appropriation includes $3,872,000 for 1996 and $15,158,000 for 1997.

Subd. 10. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.] For grants to American Indian language and culture education programs according to Minnesota Statutes, section 126.54, subdivision 1:

$591,000	.....	1996
$591,000	.....	1997

The 1996 appropriation includes $88,000 for 1995 and $503,000 for 1996.

The 1997 appropriation includes $88,000 for 1996 and $503,000 for 1997.

Any balance in the first year does not cancel but is available in the second year.

Subd. 11. [AMERICAN INDIAN EDUCATION.] (a) For certain American Indian education programs in school districts:

$175,000	.....	1996
$175,000	.....	1997

The 1996 appropriation includes $26,000 for 1995 and $149,000 for 1996.

The 1997 appropriation includes $26,000 for 1996 and $149,000 for 1997.

(b) These appropriations are available for expenditure with the approval of the commissioner of the department of education.

(c) The commissioner must not approve the payment of any amount to a school district or school under this subdivision unless that school district or school is in compliance with all applicable laws of this state.

(d) Up to the following amounts may be distributed to the following schools and school

districts for each fiscal year: $54,800, Pine Point School; $9,800 to independent school district No. 166, Cook county; $14,900 to independent school district No. 432, Mahnomen; $14,200 to independent school district No. 435, Waubun; $42,200 to independent school district No. 707, Nett Lake; and $39,100 to independent school district No. 38, Red Lake. These amounts must be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.

(e) Before a district or school can receive money under this subdivision, the district or school must submit, to the commissioner, evidence that it has complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.904 to 121.917.

Subd. 12. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:

$857,000	.....	1996
$857,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 13. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships according to Minnesota Statutes, section 124.48:

$1,600,000	.....	1996
$1,600,000	.....	1997

Any unexpended balance remaining in the first year does not cancel but is available in the second year.

Subd. 14. [INDIAN TEACHER PREPARATION GRANTS.] (a) For joint grants to assist Indian people to become teachers:

$190,000	.....	1996
$190,000	.....	1997

(b) Up to $70,000 each year is for a joint grant to the University of Minnesota at Duluth and the Duluth school district.

(c) Up to $40,000 each year is for a joint grant to each of the following:

(1) Bemidji state university and the Red Lake school district;

(2) Moorhead state university and a school district located within the White Earth reservation; and

(3) Augsburg college, independent school district No. 625, St. Paul, and the Minneapolis school district.

(d) Money not used for students at one location may be transferred for use at another location.

(e) Any balance in the first year does not cancel but is available in the second year.

Subd. 15. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid according to Minnesota Statutes, section 124.86:

$238,000	.....	1996
$361,000	.....	1997

The 1996 appropriation includes $19,000 for 1995 and $219,000 for 1996.

The 1997 appropriation includes $38,000 for 1996 and $323,000 for 1997.

Subd. 16. [EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS.] For early childhood family education programs at tribal contract schools:

$68,000 1996

$68,000 1997

Subd. 17. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124.573:

$11,874,000 1996

$11,596,000 1997

The 1996 appropriation includes $2,017,000 for 1995 and $9,857,000 for 1996.

The 1997 appropriation includes $1,739,000 for 1996 and $9,857,000 for 1997.

Subd. 18. [ASSURANCE OF MASTERY.] For assurance of mastery aid according to Minnesota Statutes, section 124.311:

$13,534,000 1996

$13,751,000 1997

The 1996 appropriation includes $1,979,000 for 1995 and $11,555,000 for 1996.

The 1997 appropriation includes $2,039,000 for 1996 and $11,712,000 for 1997.

Subd. 19. [SCHOOL INTERPRETERS.] For grants for school interpreters to upgrade their interpreting/transliterating skills and obtain certification:

$150,000 1996

$100,000 1997

Subd. 20. [OPTIONS PLUS PILOT GRANTS.] For grants to school districts for options plus pilot programs:

$200,000 1996

Each grant shall not exceed $50,000.

This appropriation is available until June 30, 1997.

Recipients are encouraged to use other staff development resources if available.

Subd. 21. [COMPREHENSIVE EARLY INTERVENTION PROGRAM GRANTS.] For a grant to independent school district No. 624, White Bear Lake, for a comprehensive early intervention pilot program for students with emotional or behavioral disorders:

$390,000 1996

Subd. 22. [LOCAL TRAINING PROGRAMS.] For developing and implementing local training programs for school district and county human services and social services staff:

$75,000 1996

Subd. 23. [LOW-INCOME CONCENTRATION GRANTS.] For low-income concentration grants according to Laws 1994, chapter 647, article 8, section 43:

$1,150,000 1996

$1,150,000 1997

Subd. 24. [PART H.] For the department of education's share of the state's obligation under Part H:

$ -0- 1996

$400,000 1997

This appropriation assumes that the departments of health and human services will contribute $1,635,000 for the state share of Part H costs.

Subd. 25. [AMERICAN SIGN LANGUAGE; TEACHER EDUCATION HEARING.] To assist school districts in educating teachers in American sign language:

$13,000	.....	1996
$12,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 26. [MEXICAN ORIGIN EDUCATION GRANTS.] For grants for a Mexican origin education pilot grant program:

$50,000	.....	1996
$25,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 27. [LAY ADVOCATES.] To pay or reimburse lay advocates for their time and expense as provided in Minnesota Statutes, section 120.17:

$10,000	.....	1996

This appropriation is available until June 30, 1997.

Sec. 42. [REPEALER.]

(a) Minnesota Statutes 1994, sections 124.273, subdivisions 1b and 2c; 124.32, subdivisions 1b, 1c, 1d, 1f, 2, and 3a; and 124.574, subdivisions 2b, 3, 4, and 4a, are repealed effective July 1, 1995.

(b) Minnesota Statutes 1994, section 124.32, subdivision 10, is repealed effective July 1, 1996.

Sec. 43. [EFFECTIVE DATES.]

Section 38 is effective July 1, 1996.

ARTICLE 4

COMMUNITY PROGRAMS

Section 1. Minnesota Statutes 1994, section 116J.655, is amended to read:

116J.655 [YOUTH ENTREPRENEURSHIP EDUCATION PROGRAM.]

The commissioner of trade and economic development shall establish a youth entrepreneurship education program to improve the academic and entrepreneurial skills of students and aid in their transition from school to business creation. The program shall strengthen local economies by creating jobs that enable citizens to remain in their communities and to foster cooperation among educators, economic development professionals, business leaders, and representatives of labor. Assistance under this section shall be available to new or existing student-operated or school-operated businesses that have an educational purpose, and provide service or products for customers or clients who do not attend or work at the sponsoring school. The commissioner may require an equal local match for assistance under this section up to the maximum grant amount of $20,000.

Sec. 2. Minnesota Statutes 1994, section 121.702, is amended by adding a subdivision to read:

Subd. 10. [COUNCIL.] "Council" means the governor's workforce development council.

Sec. 3. Minnesota Statutes 1994, section 121.705, is amended to read:

121.705 [YOUTH WORKS GRANTS.]

Subdivision 1. [APPLICATION.] An eligible organization interested in receiving a grant under sections 121.704 to 121.709 may prepare and submit to the commission, and beginning January 1, 1997, the council, an application that complies with section 121.706.

Subd. 2. [GRANT AUTHORITY.] The commission and, beginning January 1, 1997, the council shall use any state appropriation and any available federal funds, including any grant received under federal law, to award grants to establish programs for youth works meeting the requirements of section 121.706. At least one grant each must be available for a metropolitan proposal, a rural proposal, and a statewide proposal. If a portion of the suburban metropolitan area is not included in the metropolitan grant proposal, the statewide grant proposal must incorporate at least one suburban metropolitan area. In awarding grants, the commission and, beginning January 1, 1997, the council may select at least one residential proposal and one nonresidential proposal, provided the proposals meet or exceed the criteria in section 121.706.

Sec. 4. Minnesota Statutes 1994, section 121.706, is amended to read:

121.706 [GRANT APPLICATIONS.]

Subdivision 1. [APPLICATIONS REQUIRED.] An organization seeking federal or state grant money under sections 121.704 to 121.709 shall prepare and submit to the commission and, beginning January 1, 1997, the council an application that meets the requirements of this section. The commission and, beginning January 1, 1997, the council shall develop, and the applying organizations shall comply with, the form and manner of the application.

Subd. 2. [APPLICATION CONTENT.] An applicant on its application shall:

(1) propose a program to provide participants the opportunity to perform community service to meet specific unmet community needs, and participate in classroom, work-based, and service learning;

(2) assess the community's unmet educational, human, environmental, and public safety needs, the resources and programs available for meeting those needs, and how young people participated in assessing community needs;

(3) describe the educational component of the program, including classroom hours per week, classroom time for participants to reflect on the program experience, and anticipated academic outcomes related to the service experience;

(4) describe the work to be performed, the ratio of youth participants to crew leaders and mentors, and the expectations and qualifications for crew leaders and mentors;

(5) describe local funds or resources available to meet the match requirements of section 121.709;

(6) describe any funds available for the program from sources other than the requested grant;

(7) describe any agreements with local businesses to provide participants with work-learning opportunities and mentors;

(8) describe any agreement with local post-secondary educational institutions to offer participants course credits for their community service learning experience;

(9) describe any agreement with a local high school or an alternative learning center to provide remedial education, credit for community service work and work-based learning, or graduate equivalency degrees;

(10) describe any pay for service or other program delivery mechanism that will provide reimbursement for benefits conferred or recover costs of services participants perform;

(11) describe how local resources will be used to provide support and assistance for participants to encourage them to continue with the program, fulfill the terms of the contract, and remain eligible for any postservice benefit;

(12) describe the arbitration mechanism for dispute resolution required under section 121.707, subdivision 2;

(13) describe involvement of community leaders in developing broad-based support for the program;

(14) describe the consultation and sign-off process to be used with any local labor organization representing employees in the area engaged in work similar to that proposed for the program to ensure that no current employees or available employment positions will be displaced by program participants;

(15) certify to the commission and, beginning January 1, 1997, the council, and to any certified bargaining representatives representing employees of the applying organization that the project will not decrease employment opportunities that would be available without the project; will not displace current employees including any partial displacement in the form of reduced hours of work other than overtime, wages, employment benefits, or regular seasonal work; will not impair existing labor agreements; and will not result in the substitution of project funding for preexisting funds or sources of funds for ongoing work;

(16) describe the length of the required service period, which may not be less than six months or more than two years, a method to incorporate a participant's readiness to advance or need for postservice financial assistance into individual service requirements, and any opportunity for participating part time or in another program;

(17) describe a program evaluation plan that contains cost-effectiveness measures, measures of participant success including educational accomplishments, job placements, community contributions, and ongoing volunteer activities, outcome measures based on a preprogram and postprogram survey of community rates of arrest, incarceration, teenage pregnancy, and other indicators of youth in trouble, and a list of local resources dedicated to reducing these rates;

(18) describe a three-year financial plan for maintaining the program;

(19) describe the role of local youth in developing all aspects of the grant proposal; and

(20) describe the process by which the local private industry council participated in, and reviewed the grant application.

Sec. 5. Minnesota Statutes 1994, section 121.707, subdivision 2, is amended to read:

Subd. 2. [TERMS OF SERVICE.] (a) A participant shall agree to perform community service for the period required unless the participant is unable to complete the terms of service for the reason provided in paragraph (b).

An agreement to perform community service must be in the form of a written contract between the participant and the grantee organization. Terms of the contract must include a length of service between six months and two years, the amount of the postservice benefit earned upon completion of the contracted length of service, the participant's education goals and commitment, the anticipated date of completion, dismissal for cause, including failure to fully participate in the education component, and the exclusive right to challenge a dismissal for cause through binding arbitration. The arbitrator must be chosen jointly by the grantee organization and the participant from the community or, if agreement cannot be reached, an arbitrator must be determined from a list of arbitrators provided by the American Arbitration Association. The sole remedy available to the participant through arbitration is reinstatement to the program and eligibility for postservice benefits. The parent or guardian of a minor shall consent in writing to the contract between the participant and the grantee organization.

(b) If the grantee organization releases a participant from completing a term of service in a program receiving assistance under sections 121.704 to 121.709 for compelling personal circumstances as demonstrated by the participant, or if the program in which the participant serves does not receive continued funding for any reason, the grantee organization may provide the participant with that portion of the financial assistance described in subdivision 3 that corresponds to the quantity of the service obligation completed by the individual.

If the grantee organization terminates a participant for cause or a participant resigns without demonstrating compelling personal circumstances under this section, no postservice benefit under subdivision 3 may be paid.

(c) A participant performing part-time service under sections 121.701 to 121.710 shall serve at least two weekends each month and two weeks during the year. A part-time participant shall serve

at least 900 hours during a period of not more than two years, or three years if enrolled in an institution of higher education. A participant performing full-time service under sections 121.701 to 121.710 shall serve at least 1,700 hours during a period of not less than nine months, or more than one year.

(d) Notwithstanding any other law to the contrary, for purposes of tort liability under sections 3.732 and 3.736, while participating in a program a participant is an employee of the state.

(e) Participants performing community service in a program are not public employees for purposes of chapter 43A, 179A, 197, 353, or any other law governing hiring or discharging of public employees.

Sec. 6. Minnesota Statutes 1994, section 121.707, subdivision 3, is amended to read:

Subd. 3. [POSTSERVICE BENEFIT.] (a) Each eligible organization shall agree to provide to every participant ~~shall~~ who fulfills the terms of a contract under section 121.707, subdivision 2, ~~receive~~ a nontransferable postservice benefit ~~upon successfully completing the program~~. The benefit must be not less than $4,725 per year of full-time service or prorated for part-time service or for partial service of at least 900 hours. Upon signing a contract under section 121.707, subdivision 2, each eligible organization shall deposit funds to cover the full amount of postservice benefits obligated, except for national education awards that are deposited in the national service trust fund. Funds encumbered in fiscal years 1994 and 1995 for postservice benefits shall be available until the participants for whom the funds were encumbered are no longer eligible to draw benefits.

(b) Nothing in this subdivision prevents a grantee organization from using funds from nonfederal or nonstate sources to increase the value of postservice benefits above the value described in paragraph (a).

(c) The higher education coordinating board shall establish an account for depositing funds for postservice benefits received from eligible organizations. If a participant does not complete the term of service or, upon successful completion of the program, does not use a postservice benefit according to subdivision 4 within seven years ~~after completing the program~~, the amount of the postservice benefit shall be ~~used to provide a postservice benefit~~ refunded to the eligible organization or, at the organization's discretion, dedicated to another eligible participant. Interest earned on funds deposited in the postservice benefit account is appropriated to the higher education coordinating board for the costs of administering the postservice benefits accounts.

(d) The state shall provide an additional postservice benefit to any participant who successfully completes the program. The benefit must be a credit of five points to be added to the competitive open rating of a participant who obtains a passing grade on a civil service examination under chapter 43A. The benefit is available for five years after completing the community service.

Sec. 7. Minnesota Statutes 1994, section 121.707, subdivision 4, is amended to read:

Subd. 4. [USES OF POSTSERVICE BENEFITS.] (a) A postservice benefit for a participant provided under subdivision 3, paragraph (a), (b), or (c), must be available for seven years after completing the program and may only be used for:

(1) paying a student loan;

(2) costs of attending an institution of higher education; or

(3) expenses incurred by a student in an approved youth apprenticeship program under chapter 126B, or in a registered apprenticeship program approved by the department of labor and industry.

Financial assistance provided under this subdivision must be in the form of vendor payments whenever possible. Any postservice benefits provided by federal funds or vouchers may be used as a downpayment on, or closing costs for, purchasing a first home.

(b) Postservice benefits are to be used to develop skills required in occupations where numbers of jobs are likely to increase. The commission, in consultation with the education and employment transitions council, and beginning January 1, 1997, the workforce development council, shall

determine how the benefits may be used in order to best prepare participants with skills that build on their service learning and equip them for meaningful employment.

(c) The postservice benefit shall not be included in determining financial need when establishing eligibility or award amounts for financial assistance programs under chapter 136A.

Sec. 8. Minnesota Statutes 1994, section 121.707, subdivision 6, is amended to read:

Subd. 6. [PROGRAM TRAINING.] (a) The commission and, beginning January 1, 1997, the council shall, within available resources, ensure an opportunity for each participant to have three weeks of training in a residential setting. If offered, each training session must:

(1) orient each participant in the nature, philosophy, and purpose of the program;

(2) build an ethic of community service through general community service training; and

(3) provide additional training as it determines necessary.

(b) Each grantee organization shall also train participants in skills relevant to the community service opportunity.

Sec. 9. Minnesota Statutes 1994, section 121.707, subdivision 7, is amended to read:

Subd. 7. [TRAINING AND EDUCATION REQUIREMENTS.] Each grantee organization shall assess the educational level of each entering participant. Each grantee shall work to enhance the educational skills of each participant. The commission and, beginning January 1, 1997, the council may coordinate or contract with educational institutions or other providers for educational services and evaluation. All grantees shall give priority to educating and training participants who do not have a high school diploma or its equivalent, or who cannot afford post-secondary training and education.

Sec. 10. Minnesota Statutes 1994, section 121.708, is amended to read:

121.708 [PRIORITY.]

The commission and, beginning January 1, 1997, the council shall give priority to an eligible organization proposing a program that meets the goals of sections 121.704 to 121.707, and that:

(1) involves youth in a meaningful way in all stages of the program, including assessing community needs, preparing the application, and assuming postservice leadership and mentoring responsibilities;

(2) serves a community with significant unmet needs;

(3) provides an approach that is most likely to reduce arrest rates, incarceration rates, teenage pregnancy, and other indicators of troubled youth;

(4) builds linkages with existing, successful programs; and

(5) can be operational quickly.

Sec. 11. Minnesota Statutes 1994, section 121.709, is amended to read:

121.709 [MATCH REQUIREMENTS.]

Youth works grant funds must be used for the living allowance, cost of employer taxes under sections 3111 and 3301 of the Internal Revenue Code of 1986, workers' compensation coverage, and health benefits for each program participant. Youthworks grant funds may also be used to supplement applicant resources to fund postservice benefits for program participants. Applicant resources, from sources and in a form determined by the commission and, beginning January 1, 1997, the council, must be used to provide for all other program ~~operating~~ costs, including the portion of the applicant's obligation for postservice benefits that is not covered by state or federal grant funds and such costs as supplies, materials, transportation, and salaries and benefits of those staff directly involved in the operation, internal monitoring, and evaluation of the program. Administrative expenses must not exceed five percent of total program costs.

Sec. 12. Minnesota Statutes 1994, section 121.710, is amended to read:

121.710 [EVALUATION AND REPORTING REQUIREMENTS.]

Subdivision 1. [GRANTEE ORGANIZATIONS.] Each grantee organization shall report to the commission and, beginning January 1, 1997, the council at the time and on the matters requested by the commission and, beginning January 1, 1997, the council.

Subd. 2. [INTERIM REPORT.] The commission and, beginning January 1, 1997, the council shall report semiannually to the legislature with interim recommendations to change the program.

Subd. 3. [FINAL REPORT.] The commission and, beginning January 1, 1997, the council shall present a final report to the legislature by January 1, 1998, summarizing grantee evaluations, reporting on individual participants and participating grantee organizations, and recommending any changes to improve or expand the program.

Sec. 13. Minnesota Statutes 1994, section 121.885, subdivision 1, is amended to read:

Subdivision 1. [~~SERVICE LEARNING~~ SERVICE-LEARNING AND WORK-BASED LEARNING PROGRAMS STUDY.] The ~~Minnesota commission on national and community service, established in section 121.703,~~ governor's workforce development council shall assist the commissioner of education in studying how to combine community service activities and ~~service learning~~ service-learning with work-based learning programs.

Sec. 14. Minnesota Statutes 1994, section 121.885, subdivision 4, is amended to read:

Subd. 4. [PROGRAMS FOLLOWING YOUTH COMMUNITY SERVICE.] (a) The Minnesota commission on national and community service ~~established in section 121.703,~~ in cooperation with the governor's workforce development council, the commissioner and the higher education coordinating board, shall provide for those participants who successfully complete youth community service under sections ~~121.703~~ 121.704 to 121.709, the following:

(1) for those who have a high school diploma or its equivalent, an opportunity to participate in a youth apprenticeship program at a community or technical college; and

(2) for those who are post-secondary students, an opportunity to participate in an educational program that supplements post-secondary courses leading to a degree or a statewide credential of academic and occupational proficiency.

(b) Participants who successfully complete a youth community service program under sections 121.704 to 121.710 are eligible to receive an education voucher as provided under section 121.707, subdivision 4. The voucher recipient may apply the voucher toward the cost of the recipient's tuition and other education-related expenses at a post-secondary school under paragraph (a).

(c) The ~~Minnesota commission on national and community service~~ governor's workforce development council, in cooperation with the ~~state board of technical colleges~~ board of trustees of the Minnesota state colleges and universities, shall establish a mechanism to transfer credit earned in a youth apprenticeship program between the technical colleges and other post-secondary institutions offering applied associate degrees.

Sec. 15. Minnesota Statutes 1994, section 121.912, subdivision 1b, is amended to read:

Subd. 1b. [TRA AND FICA TRANSFER.] (a) Notwithstanding subdivision 1, a district ~~shall~~ may transfer money from the general fund to the community service fund for the employer contributions for teacher retirement and FICA for employees who are members of a teacher retirement association and who are paid from the community service fund.

(b) A district shall not transfer money under paragraph (a) for employees who are paid with money other than normal operating funds, as defined in section 354.05, subdivision 27.

Sec. 16. [124.255] [SCHOOL ENRICHMENT PARTNERSHIP PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The school enrichment partnership program is

established. The purpose of the program is to encourage school districts to expand the involvement of the private sector in the delivery of academic programs. The program will provide matching state funds for those provided by the private sector.

Subd. 2. [REVENUE ELIGIBILITY.] A school district or group of school districts is eligible to receive state aid under this program. Districts may enter into joint agreements to provide programs or make expenditures under this section. The limitations under this subdivision shall apply to these programs or expenditures as if they were operated by a single district. A district may receive $1 of state aid for each $2 raised from the private sector. The private match must be in the form of cash. Specific types of noncash support may be considered for the private match. State aid is limited to the lesser of $75,000 or $10 per pupil unit per district.

Subd. 3. [REVENUE MANAGEMENT.] The use of the state and private funds provided under this section is under the general control of the school board. The board may establish, without using state funds or public employees, a separate foundation to directly manage the funds. The private funds must be used to acquire instructional or noninstructional academic materials of a capital nature including, but not limited to, textbooks, globes, maps, and other academic material. The funds may not be used for salaries or other employee benefits.

Subd. 4. [PROCEDURES; REPORT.] The Minnesota academic excellence foundation, under the direction of the commissioner of education, shall establish application forms, guidelines, procedures, and timelines for the distribution of state aid. The commissioner may require reporting necessary to evaluate the program. Measures of success will include numbers of partnerships and funds raised; numbers of school foundations formed; and demonstrated linkages of partnerships to improved instructional delivery resulting in increased student learning.

Subd. 5. [RESULTS-ORIENTED CHARTER SCHOOLS.] Notwithstanding section 124.248, subdivision 4, paragraph (b), a results-oriented charter school is eligible to participate in the program under this section as if it were a school district.

Sec. 17. Minnesota Statutes 1994, section 124.261, subdivision 1, is amended to read:

Subdivision 1. [AID ELIGIBILITY.] For fiscal year 1996, adult high school graduation aid for eligible pupils age 21 or over, equals 65 percent of the general education formula allowance times 1.30 times the average daily membership under section 124.17, subdivision 2e. For 1997 and later fiscal years, adult high school graduation aid per eligible pupil equals the amount established by the commissioner of education, in consultation with the commissioner of finance, based on the appropriation for this program. Adult high school graduation aid must be paid in addition to any other aid to the district. Pupils age 21 or over may not be counted by the district for any purpose other than adult high school graduation aid.

Sec. 18. Minnesota Statutes 1994, section 124.2711, subdivision 2a, is amended to read:

Subd. 2a. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] To obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of ~~.626~~ .609 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy shall equal the early childhood family education revenue.

Sec. 19. Minnesota Statutes 1994, section 124.2713, subdivision 6, is amended to read:

Subd. 6. [COMMUNITY EDUCATION LEVY.] To obtain community education revenue, a district may levy the amount raised by a tax rate of ~~1.13~~ 1.1 percent ~~for fiscal year 1995 and thereafter,~~ times the adjusted net tax capacity of the district. If the amount of the community education levy would exceed the community education revenue, the community education levy shall be determined according to subdivision 6a.

Sec. 20. Minnesota Statutes 1994, section 124C.45, subdivision 1, is amended to read:

Subdivision 1. [GOVERNANCE.] A school district may establish an area learning center either by itself or in cooperation with other districts, an ECSU, an intermediate school district, a local education and employment transitions partnership, public and private secondary and

post-secondary institutions, public agencies, businesses, and foundations. Except for a district located in a city of the first class, a center must serve the geographic area of at least two districts.

Sec. 21. Minnesota Statutes 1994, section 124C.46, subdivision 2, is amended to read:

Subd. 2. [PEOPLE TO BE SERVED.] A center shall provide programs for secondary pupils and adults, giving priority to serving persons between 16 and 21 years of age. Secondary pupils to be served are those who are chemically dependent, not likely to graduate from high school, need assistance in vocational and basic skills, can benefit from employment experiences, and need assistance in transition from school to employment. Adults to be served are dislocated homemakers and workers and others who need basic educational and social services. In addition to offering programs, the center shall coordinate the use of other available educational services, social services, and post-secondary institutions in the community. The center may also provide programs, including work-based, service-learning, and applied learning opportunities developed in collaboration with a local education and employment transitions partnership, for elementary and secondary pupils who are not attending the center to assist them in completing high school.

Sec. 22. Minnesota Statutes 1994, section 124C.48, subdivision 1, is amended to read:

Subdivision 1. [OUTSIDE SOURCES.] A center may accept:

(1) resources and services from post-secondary institutions serving center pupils;

(2) resources from job training partnership act programs, including funding for jobs skills training for various groups and the percentage reserved for education;

(3) resources from the department of human services and county welfare funding; ~~or~~

(4) resources from a local education and employment transitions partnership; or

(5) private resources, foundation grants, gifts, corporate contributions, and other grants.

Sec. 23. Minnesota Statutes 1994, section 126B.01, is amended to read:

126B.01 [~~PURPOSE~~ EDUCATION AND EMPLOYMENT TRANSITIONS SYSTEM.]

Subdivision 1. [~~PURPOSE~~ GOALS.] To better prepare all learners to make transitions between education and employment, a comprehensive education and employment transitions system is established ~~to~~ that is driven by multisector partnerships and takes a lifelong approach to workforce development. The goals of the statewide education and employment transitions system are:

(1) to improve the skills learners need to achieve greater levels of self-sufficiency through education, training, and work;

(2) ~~assist individuals in planning their futures by providing~~ to improve work-related counseling and information about career opportunities and vocational education programs available to learners to facilitate workforce development;

~~(2)~~ (3) to integrate opportunities for work-based learning, ~~including but not limited to occupation-specific apprenticeship programs and community service programs,~~ service-learning, and other applied learning methods into the elementary, secondary, and post-secondary curriculum and state and local graduation standards;

~~(3)~~ (4) to increase participation in employment opportunities and demonstrate the relationship between education and employment at the elementary, secondary, and post-secondary education levels;

(5) to promote the efficient use of public and private resources by coordinating elementary, secondary, and post-secondary education with related government programs; ~~and~~

~~(4)~~ (6) to expand educational options available to ~~students~~ all learners through collaborative efforts between ~~secondary institutions~~ school districts, post-secondary institutions, ~~business, industry~~ employers, organized labor, workers, learners, parents, community-based organizations, and other interested parties;

(7) to increase opportunities for women, minorities, individuals with a disability, and at-risk learners to fully participate in work-based learning;

(8) to establish performance standards for learners that integrate state and local graduation standards and generally recognized industry and occupational skill standards; and

(9) to provide support systems including a unified labor market information system; a centralized quality assurance system with information on learner achievement, employer satisfaction, and measurable system outcomes; a statewide marketing system to promote the importance of lifework development; a comprehensive professional development system for public and private sector partners; and a comprehensive system for providing technical support to local partnerships for education and employment transitions.

Subd. 2. [FUNDING.] Work-based learning programs incorporating post-secondary instruction implemented under this chapter shall provide for student funding according to section 123.3514.

Subd. 3. [GOVERNOR'S WORKFORCE DEVELOPMENT COUNCIL.] The governor's workforce development council is responsible for developing, implementing, and evaluating the statewide education and employment transitions system and achieving the goals of the system.

Subd. 4. [PARTNERSHIP GRANTS.] The council shall award grants to implement local education and employment transition systems to local education and employment transition partnerships established under 126B.10. Grants under this section may be used for the local education and employment transitions system, youth apprenticeship and other work-based learning programs, youth employer programs, youth entrepreneurship programs, and other programs and purposes the council determines fulfill the purposes of the education and employment transitions system. The council shall evaluate grant proposals on the basis of the elements required in the local plan described in section 126B.10, subdivision 3. The council shall develop and publicize the grant application process and review and comment on the proposals submitted. Priority in awarding grants must be given to local partnerships that include multiple communities and a viable base of educational, work-based learning, and employment opportunities.

Subd. 5. [ANNUAL REVIEW.] The council shall review the activities of each local education and employment transitions partnership annually to ensure that the local partnership is adequately meeting the system standards under section 126B.10 and state quality assurance standards established as part of the quality assurance system developed by the council. This subdivision expires July 1, 1997.

Subd. 6. [REPORT.] The council shall annually publish a report summarizing the data submitted by each local education and employment transitions partnership. The report shall be published no later than September 1 of the year following the year in which the data was collected. This subdivision expires July 1, 1997.

Sec. 24. Minnesota Statutes 1994, section 126B.03, subdivision 2, is amended to read:

Subd. 2. [ACADEMIC INSTRUCTION AND WORK-RELATED LEARNING.] ~~(a) A~~ Comprehensive youth apprenticeship ~~program~~ programs and other work-based learning programs under the education and employment transitions system must integrate academic instruction and work-related learning in the classroom and at the workplace. Schools, in collaboration with ~~students'~~ learners' employers, must use competency-based measures to evaluate ~~students'~~ learners' progress in the program. ~~Students~~ Learners who successfully complete the program must receive academic and occupational credentials from the participating school.

~~(b) The academic instruction provided as part of a comprehensive youth apprenticeship program must:~~

~~(1) meet applicable secondary and post secondary education requirements;~~

~~(2) enable the students to attain academic proficiency in at least the areas of English, mathematics, history, science, and geography; and~~

~~(3) where appropriate, modify existing secondary and post secondary curricula to accommodate the changing needs of the workplace.~~

~~(c) Work-based learning provided as part of the program must:~~

~~(1) supply students with knowledge, skills, and abilities based on appropriate, nationally accepted standards in the specific industries and occupations for which the students~~ learners ~~are trained;~~

~~(2) offer students structured job training at the worksite, including high quality supervised learning opportunities;~~

~~(3) foster interactive, team-based learning;~~

~~(4) encourage sound work habits and behaviors;~~

~~(5) develop workplace skills, including the ability to manage resources, work productively with others, acquire and use information, understand and master systems, and work with technologies; and~~

~~(6) where feasible, offer students the opportunity to participate in community service and service learning activities.~~

~~(d) Worksite learning and experience provided as part of the program must:~~

~~(1) help youth apprentices achieve the program's academic and work based learning requirements;~~

~~(2) pay apprentices for their work; and~~

~~(3) assist employers to fulfill their commitment to youth apprentices.~~

Sec. 25. Minnesota Statutes 1994, section 126B.03, subdivision 3, is amended to read:

Subd. 3. [~~PROGRAM COMPONENTS~~ YOUTH APPRENTICESHIP PROGRAMS.] (a) A comprehensive youth apprenticeship program must require representatives of secondary and post-secondary school systems, affected local businesses, industries, occupations and labor, as well as the local community, to be actively and collaboratively involved in advising and managing the program and ensuring, in consultation~~.~~

~~(b) The entities participating in a program must consult~~ with local private industry councils, ~~to ensure~~ that the youth apprenticeship program meets local labor market demands ~~and~~, provides student apprentices with the high skill training necessary for career advancement, ~~within an occupation~~.

~~(c) The program must meet~~ meets applicable state ~~education~~ graduation requirements and labor standards, pays apprentices for their work and ~~provide~~ provides support services to program participants~~, and accommodate the integrating of work-related learning and academic instruction through flexible schedules for students and teachers and appropriately modified curriculum~~.

~~(d)~~ (b) Local employers, collaborating with labor organizations where appropriate, must assist the program by analyzing workplace needs, creating work-related curriculum, employing and adequately paying youth apprentices engaged in work-related learning in the workplace, training youth apprentices to become skilled in an occupation, providing student apprentices with a workplace mentor, periodically informing the school of an apprentice's progress, and making a reasonable effort to employ youth apprentices who successfully complete the program.

~~(e)~~ (c) A student participating in a comprehensive youth apprenticeship program must sign a youth apprenticeship agreement with participating entities that obligates youth apprentices, their parents or guardians, employers, and schools to meet program requirements; indicates how academic instruction, work-based learning, and worksite learning and experience will be integrated; ensures that successful youth apprentices will receive a recognized credential of academic and occupational proficiency; and establishes the wage rate and other benefits for which youth apprentices are eligible while employed during the program.

~~(f)~~ (d) Secondary school principals ~~or~~, counselors, or business mentors familiar with the ~~demonstration project~~ education to employment transitions system must inform entering

secondary school students about available occupational and career opportunities and the option of entering a youth apprenticeship ~~program~~ or other work-based learning program to obtain post-secondary academic and occupational credentials.

Sec. 26. [126B.10] [EDUCATION AND EMPLOYMENT TRANSITIONS PARTNERSHIPS.]

Subdivision 1. [LOCAL PARTNERSHIPS; ESTABLISHMENT.] Local education and employment transitions partnerships may be established to implement local education and employment transitions systems. Local partnerships shall represent multiple sectors in the community, including, at a minimum, representatives of employers, primary and secondary education, labor and professional organizations, workers, learners, parents, community-based organizations, and to the extent possible, post-secondary education.

Subd. 2. [BOARD.] A local education and employment transitions partnership shall establish a governing board for planning and implementing work-based and other applied learning programs. The board shall consist of at least one representative from each member of the education and employment transitions partnership. A majority of the board must consist of representatives of local or regional employers.

Subd. 3. [LOCAL EDUCATION AND EMPLOYMENT TRANSITIONS SYSTEMS.] A local education and employment transitions partnership shall assess the needs of employers, employees, and learners, and develop a plan for implementing and achieving the objectives of a local or regional education and employment transitions system. The plan shall provide for a comprehensive local system for assisting learners and workers in making the transition from school to work or for retraining in a new vocational area. The objectives of a local education and employment transitions system include:

(1) increasing the effectiveness of the educational programs and curriculum of elementary, secondary, and post-secondary schools and the work site in preparing students in the skills and knowledge needed to be successful in the workplace;

(2) implementing learner outcomes for students in grades kindergarten through 12 designed to introduce the world of work and to explore career opportunities, including nontraditional career opportunities;

(3) eliminating barriers to providing effective integrated applied learning, service-learning, or work-based curriculum;

(4) increasing opportunities to apply academic knowledge and skills, including skills needed in the workplace, in local settings which include the school, school-based enterprises, post-secondary institutions, the workplace, and the community;

(5) increasing applied instruction in the attitudes and skills essential for success in the workplace, including cooperative working, leadership, problem-solving, and respect for diversity;

(6) providing staff training for vocational guidance counselors, teachers, and other appropriate staff in the importance of preparing learners for the transition to work, and in methods of providing instruction that incorporate applied learning, work-based learning, and service learning experiences;

(7) identifying and enlisting local and regional employers who can effectively provide work-based or service learning opportunities, including, but not limited to, apprenticeships, internships, and mentorships;

(8) recruiting community and workplace mentors including peers, parents, employers and employed individuals from the community, and employers of high school students;

(9) identifying current and emerging educational, training, and employment needs of the area or region, especially within industries with potential for job growth;

(10) improving the coordination and effectiveness of local vocational and job training programs, including vocational education, adult basic education, tech prep, apprenticeship, service

learning, youth entrepreneur, youth training and employment programs administered by the commissioner of economic security, and local job training programs under the Job Training Partnership Act, United States Code, title 29, section 1501, et seq.;

(11) identifying and applying for federal, state, local, and private sources of funding for vocational or applied learning programs;

(12) providing students with current information and counseling about career opportunities, potential employment, educational opportunities in post-secondary institutions, workplaces, and the community, and the skills and knowledge necessary to succeed;

(13) providing educational technology, including interactive television networks and other distance learning methods, to ensure access to a broad variety of work-based learning opportunities;

(14) including students with disabilities in a district's vocational or applied learning program and ways to serve at-risk learners through collaboration with area learning centers under sections 124C.45 to 124C.49, or other alternative programs; and

(15) providing a warranty to employers, post-secondary education programs, and other post-secondary training programs, that learners successfully completing a high school work-based or applied learning program will be able to apply the knowledge and work skills included in the program outcomes or graduation requirements. The warranty shall require education and training programs to continue to work with those learners that need additional skill development until they can demonstrate achievement of the program outcomes or graduation requirements.

Subd. 4. [ANNUAL REPORTS.] A local education and employment transitions partnership shall annually publish a report and submit information to the council as required. The report shall include information required by the council for the statewide system performance assessment. The report shall be available to the public in the communities served by the local education and employment transitions partnership. The report shall be published no later than September 1 of the year following the year in which the data was collected.

Sec. 27. [145.9255] [MN ENABL, MINNESOTA EDUCATION NOW AND BABIES LATER.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of the department of education, in consultation and cooperation with a representative from Minnesota planning and the commissioner of the department of health, shall continue the Minnesota education now and babies later (MN ENABL) program, targeted to adolescents ages 12 to 14, with the goal of reducing the incidence of adolescent pregnancy in the state. The program must provide a multifaceted, primary prevention, community health promotion approach to educating and supporting adolescents in the decision to postpone sexual involvement modeled after the ENABL program in California.

Subd. 1a. [DEFINITION.] "Community-based local contractor" or "contractor" includes boards of health under section 145A.02, nonprofit organizations, or school districts. The community-based local contractors may provide the education component of MN ENABL in a variety of settings including, but not limited to, schools, religious establishments, local community centers, and youth camps.

Subd. 2. [DUTIES OF THE COMMISSIONER OF THE DEPARTMENT OF EDUCATION.] The commissioner shall:

(1) manage the grant process, including awarding and monitoring grants to community-based local contractors, and may contract with community-based local contractors that can demonstrate at least a 50 percent local match and agree to participate in the four MN ENABL program components under subdivision 3;

(2) provide technical assistance to the community-based local contractors as necessary under subdivision 3;

(3) develop and implement the evaluation component, and provide centralized coordination at the state level of the evaluation process; and

(4) explore and pursue the federal funding possibilities and specifically request funding from the United States Department of Health and Human Services to supplement the development and implementation of the program.

Subd. 3. [PROGRAM COMPONENTS.] The program must include the following four major components.

(a) A community organization component in which the community-based local contractors shall include:

(1) use of a postponing sexual involvement education curriculum targeted to boys and girls ages 12 to 14 in schools and/or community settings;

(2) planning and implementation of community organization strategies to convey and reinforce the MN ENABL message of postponing sexual involvement, including activities promoting awareness and involvement of parents and other primary caregivers/significant adults, schools, and community; and

(3) development of local media linkages.

(b) A statewide, comprehensive media and public relations campaign to promote changes in sexual attitudes and behaviors, and reinforce the message of postponing adolescent sexual involvement.

In developing the campaign, the commissioner of education shall coordinate and consult with representatives from ethnic and local communities to maximize effectiveness of the social marketing approach to health promotion among the culturally diverse population of the state. The development and implementation of the campaign is subject to input and approval by the commissioner of health.

The local community-based contractors shall collaborate and coordinate efforts with other community organizations and interested persons to provide school and community-wide promotional activities that support and reinforce the message of the MN ENABL curriculum.

(c) An evaluation component which evaluates the process and the impact of the program.

The "process evaluation" must provide information to the state on the breadth and scope of the program. The evaluation must identify program areas that might need modification and identify local MN ENABL contractor strategies and procedures which are particularly effective. Contractors must keep complete records on the demographics of clients served, number of direct education sessions delivered, and other appropriate statistics, and must document exactly how the program was implemented. The commissioner may select contractor sites for more in-depth case studies.

The "impact evaluation" must provide information to the state on the impact of the different components of the MN ENABL program and an assessment of the impact of the program on adolescent's related sexual knowledge, attitudes, and risk-taking behavior.

(d) A training component to provide comprehensive training to the local MN ENABL community-based local contractors and the direct education program staff.

The local community-based contractors may use adolescent leaders slightly older than the adolescents in the program to impart the message to postpone sexual involvement provided:

(1) the contractor follows a protocol for adult mentors/leaders and older adolescent leaders established by the commissioner of education;

(2) the older adolescent leader is accompanied by an adult leader; and

(3) the contractor uses the curriculum as directed and required by the commissioner of the department of health to implement this part of the program. The commissioner of health shall provide technical assistance to community-based local contractors.

Sec. 28. [MINNESOTA COMMISSION ON NATIONAL AND COMMUNITY SERVICE; TRANSFER OF RESPONSIBILITY.]

If the governor's workforce development council meets federal requirements for the commission on national and community service, the duties of the Minnesota commission on national and community service under Minnesota Statutes, sections 121.703 to 121.710, shall transfer to the governor's workforce development council on January 1, 1997. If, by that date, the workforce development council does not meet federal requirements, the Minnesota commission on national and community service shall continue to perform the duties assigned to it.

Sec. 29. [YOUTH EMPLOYER GRANT PROGRAM.]

Subdivision 1. [YOUTH EMPLOYER GRANTS.] The governor's workforce development council shall establish a pilot program for improving the work-based learning experience of school-aged youth who are employed. An employer, in partnership with a local education and employment transitions partnership, may apply for a youth employer grant to the governor's workforce development council. The council shall determine application procedures and criteria for approving grant awards.

Subd. 2. [GRANT APPLICATION.] A grant application shall include a plan to meet the following goals:

(1) enhance the work experience of employed youth by integrating appropriate academic and work skills components;

(2) develop an applied learning plan for each employed youth that outlines the academic and work skills outcomes to be achieved by the work-based learning experience and describes how these outcomes apply toward attainment of high school graduation requirements;

(3) provide training and support to the employer in developing a work experience for meeting the goals of the applied learning plan and for assessing student achievement; and

(4) evaluate the effectiveness of the work-based learning program.

Subd. 3. [GRANT AWARDS.] The governor's workforce development council may award youth employer grants to applicants eligible under subdivision 1. Grant recipients should be geographically distributed throughout the state. Grant proceeds may be used for the costs of planning, materials, and training. The school district, school, or post-secondary education institution partner shall be the fiscal agent for the grant.

Sec. 30. [FORMULA ALLOWANCE.]

Notwithstanding the amount of the formula allowance for fiscal year 1997, in Minnesota Statutes, section 124A.22, subdivision 2, the commissioner shall use the amount of $3,170 for fiscal year 1997 in determining the payments under Minnesota Statutes, sections 123.3514, subdivisions 6 and 8; 124A.02, subdivision 21; 126.22; and 126.23.

Sec. 31. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.

Subd. 2. [ADULT BASIC EDUCATION AID.] For adult basic education aid according to Minnesota Statutes, sections 124.26 in fiscal year 1996 and 124.2601 in fiscal year 1997:

$8,374,000	.....	1996
$8,374,000	.....	1997

The 1996 appropriation includes $1,256,000 for 1995 and $7,118,000 for 1996.

The 1997 appropriation includes $1,256,000 for 1996 and $7,118,000 for 1997.

Up to $199,000 each year may be used for contracts with private, nonprofit organizations for approved programs.

Subd. 3. [ADULTS WITH DISABILITIES PROGRAM AID.] For adults with disabilities programs according to Minnesota Statutes, section 124.2715:

$695,000	.....	1996
$695,000	.....	1997

Any balance in the first year does not cancel and is available for the second year.

Of these amounts, $25,000 each year is to fund the Michael Ehrlichmann memorial for the Minnesota Statewide Direct Services Initiative, to provide training for: (1) direct service providers, including staff working in vocational and residential settings, paraprofessionals in education, and persons working in other related settings; and (2) individuals with developmental disabilities and their families. The commissioner must transmit this amount to the Governor's developmental disabilities council.

Subd. 4. [ADULT GRADUATION AID.] For adult graduation aid:

$2,245,000	.....	1996
$2,245,000	.....	1997

The 1996 appropriation includes $336,000 for 1995 and $1,909,000 for 1996.

The 1997 appropriation includes $336,000 for 1996 and $1,909,000 for 1997.

Subd. 5. [ALCOHOL-IMPAIRED DRIVER.] (a) For grants with funds received under Minnesota Statutes, section 171.29, subdivision 2, paragraph (b), clause (4):

$514,000	.....	1996
$514,000	.....	1997

(b) These appropriations are from the alcohol-impaired driver account of the special revenue fund. Any funds credited for the department of education to the alcohol-impaired driver account of the special revenue fund in excess of the amounts appropriated in this subdivision are appropriated to the department of education and available in fiscal year 1996 and fiscal year 1997.

(c) Up to $226,000 each year may be used by the department of education to contract for services to school districts stressing the dangers of driving after consuming alcohol. No more than five percent of this amount may be used for administrative costs by the contract recipients.

(d) Up to $88,000 each year may be used for grants to support student-centered programs to discourage driving after consuming alcohol.

(e) Up to $200,000 and any additional funds each year may be used for chemical abuse prevention grants.

Subd. 6. [COMMUNITY EDUCATION AID.] For community education aid according to Minnesota Statutes, section 124.2713:

$2,826,000	.....	1996
$2,574,000	.....	1997

The 1996 appropriation includes $499,000 for 1995 and $2,327,000 for 1996.

The 1997 appropriation includes $410,000 for 1996 and $2,164,000 for 1997.

Subd. 7. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to Minnesota Statutes, section 124.2711:

$14,224,000	.....	1996
$13,832,000	.....	1997

The 1996 appropriation includes $2,086,000 for 1995 and $12,138,000 for 1996.

The 1997 appropriation includes $2,140,000 for 1996 and $11,692,000 for 1997.

$10,000 each year may be spent for evaluation of early childhood family education programs.

Subd. 8. [EXTENDED DAY AID.] For extended day aid:

$381,000	.....	1996
$374,000	.....	1997

The 1996 appropriation includes $58,000 for 1995 and $323,000 for 1996.

The 1997 appropriation includes $56,000 for 1996 and $318,000 for 1997.

Subd. 9. [FAMILY COLLABORATIVES.] For family collaboratives:

$4,970,000	.....	1996
$5,000,000	.....	1997

Of the appropriation, $150,000 each year is for grants targeted to assist in providing collaborative children's library service programs. To be eligible, a family collaborative grant recipient must collaborate with at least one public library and one children's or family organization. The public library must involve the regional public library system and multitype library system to which it belongs in the planning and provide for an evaluation of the program.

No more than 2.5 percent of the appropriation is available to the state to administer and evaluate the grant program.

Any balance in the first year does not cancel but is available in the second year.

Subd. 10. [GED TESTS.] For payment of 60 percent of the costs of GED tests:

$125,000	.....	1996
$125,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 11. [HEALTH AND DEVELOPMENTAL SCREENING AID.] For health and developmental screening aid according to Minnesota Statutes, sections 123.702 and 123.7045:

$1,550,000	.....	1996
$1,550,000	.....	1997

The 1996 appropriation includes $232,000 for 1995 and $1,318,000 for 1996.

The 1997 appropriation includes $232,000 for 1996 and $1,318,000 for 1997.

Any balance in the first year does not cancel but is available in the second year.

Subd. 12. [HEARING IMPAIRED ADULTS.] For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:

$70,000	.....	1996
$70,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 13. [LEARNING READINESS PROGRAM REVENUE.] For revenue for learning readiness programs:

$9,506,000	.....	1996
$9,505,000	.....	1997

The 1996 appropriation includes $1,424,000 for 1995 and $8,082,000 for 1996.

The 1997 appropriation includes $1,425,000 for 1996 and $8,080,000 for 1997.

$10,000 each year may be spent for evaluation of learning readiness programs.

Subd. 14. [OMBUDSPERSONS.] For ombudspersons:

$33,000	.....	1996
$33,000	.....	1997

The appropriation is made to the office of ombudspersons for families for purposes of funding the activities of the ombudsperson authorized by Minnesota Statutes, sections 257.0755 to 257.0768. Any balance in the first year does not cancel but is available in the second year.

Subd. 15. [VIOLENCE PREVENTION EDUCATION GRANTS.] For violence prevention education grants:

$1,500,000	.....	1996
$1,500,000	.....	1997

Of the amount each year, $50,000 is for program administration.

Any balance in the first year does not cancel but is available in the second year.

Subd. 16. [WAY TO GROW.] For grants for existing way to grow programs according to Minnesota Statutes, section 121.835:

$475,000	.....	1996
$475,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 17. [SCHOOL ENRICHMENT PARTNERSHIP PROGRAM.] For school enrichment partnership program aid:

$500,000	.....	1996

Any balance remaining in the first year does not cancel but is available in the second year.

Subd. 18. [YOUTHWORKS.] For funding youthworks programs according to Minnesota Statutes, sections 121.70 to 121.710:

$1,813,000	.....	1996
$1,813,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 19. [YOUTHWORKS PROGRAM.] For implementing youthworks programs:

$50,000	.....	1996
$50,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 20. [EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.] For local education and employment transitions program grants:

$2,421,500	.....	1996
$2,421,500	.....	1997

$500,000 each year is for development of a labor-management information system to support education to employment transitions programs.

$750,000 each year is for youth apprenticeship program grants. Youth apprenticeship program grants may only be awarded to local education and employment transitions partnerships or to a youth apprenticeship program that previously received a youth apprenticeship demonstration program grant according to Laws 1993, chapter 335, section 7.

$321,500 each year is for state-level activities and the governor's workforce development council.

$850,000 each year is for local program grants, youth entrepreneurship grants, and youth employer grants. Youth entrepreneurship grants are contingent upon a local match of $1 for every $1 in state funds.

Any unexpended balance remaining in the first year does not cancel but is available in the second year.

Subd. 21. [MN ENABL; MALE RESPONSIBILITY.] For MN ENABL and male responsibility grants:

$625,000	.....	1996
$625,000	.....	1997

$205,000 each year is for the Minnesota education now and babies later program. $420,000 each year is for male responsibility and fathering grants.

The commissioner of education may enter into cooperative agreements with the commissioner of human services to access federal money for child support and paternity education programs.

Sec. 32. [MINNESOTA HISTORICAL SOCIETY.]

$28,500 in fiscal year 1996 and $28,500 in fiscal year 1997 is appropriated from the general fund to the Minnesota Historical Society for a summer youth employment program. The director of the historical society shall consult with the commissioner of education on developing a high quality work experience for participants.

Sec. 33. [REVISOR INSTRUCTIONS.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall change the title of Minnesota Statutes, chapter 126B, from "YOUTH APPRENTICESHIP SYSTEM" to "EDUCATION AND EMPLOYMENT TRANSITIONS SYSTEM."

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall substitute the term "workforce development council" for "governor's job training council" wherever it appears in statutes and rules.

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor shall change the term "service learning" to "service-learning" wherever it appears in statutes and rules.

Sec. 34. [REPEALER.]

(a) Minnesota Statutes 1994, sections 121.702, subdivision 9; and 121.703, are repealed.

(b) Minnesota Statutes 1994, sections 126B.02; 126B.03, subdivision 1; 126B.04; and 126B.05, are repealed.

Sec. 35. [EFFECTIVE DATE.]

(a) Section 34, paragraph (a), is effective July 1, 1997, if the governor's workforce development council meets all federal requirements for the commission on national and community service.

(b) Tax rate changes in sections 18 and 19 are effective beginning with taxes payable in 1996.

ARTICLE 5

FACILITIES

Section 1. Minnesota Statutes 1994, section 124.14, is amended by adding a subdivision to read:

Subd. 8. [HEALTH AND SAFETY AID TRANSFER.] The commissioner of education, with the approval of the commissioner of finance, annually may transfer an amount from the appropriation for health and safety aid to the appropriation for debt service aid for the same fiscal year. The amount of the transfer equals the amount necessary to fund any shortage in the debt service aid appropriation created by a data correction that occurs between November 1 and June 30 of the preceding fiscal year.

Sec. 2. Minnesota Statutes 1994, section 124.243, subdivision 2, is amended to read:

Subd. 2. [CAPITAL EXPENDITURE FACILITIES REVENUE.] (a) ~~For fiscal years 1994 and 1995,~~ Capital expenditure facilities previous formula revenue for a district equals $128 times its actual pupil units for the school year.

(b) For fiscal years 1996 ~~and later~~, capital expenditure facilities revenue for a district equals $100 times the district's maintenance cost index times its actual pupil units for the school year.

~~(c) A district's capital expenditure facilities revenue for a school year shall be reduced if the unreserved balance in the capital expenditure facilities account on June 30 of the prior school year exceeds $675 times the fund balance pupil units in the prior year as defined in section 124A.26, subdivision 1. If a district's capital expenditure facilities revenue is reduced, the reduction equals the lesser of (1) the amount that the unreserved balance in the capital expenditure facilities account on June 30 of the prior year exceeds $675 times the fund balance pupil units in the prior year, or (2) the capital expenditure facilities revenue for that year.~~

~~(d) For 1996 and later fiscal years, the previous formula revenue equals the amount of revenue computed for the district according to section 124.243 for fiscal year 1995.~~

~~(e)~~ (c) Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

~~(f)~~ (d) Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.

~~(g)~~ (e) Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.

~~(h)~~ (f) The revenue in paragraph (b) for a district that operates a program under section 121.585, is increased by an amount equal to $15 times the number of actual pupil units at the site where the program is implemented.

Sec. 3. Minnesota Statutes 1994, section 124.244, subdivision 1, is amended to read:

Subdivision 1. [REVENUE AMOUNT.] ~~(a) For fiscal year 1995, the capital expenditure equipment revenue for each district equals $66 times its actual pupil units for the school year.~~

~~(b)~~ For fiscal ~~years~~ year 1996 ~~and later~~, ~~the capital expenditure~~ equipment revenue for each district equals ~~$69~~ $75 times its actual pupil units for the school year.

~~(c) Of a district's capital expenditure equipment revenue, $3 times its actual pupil units for the school year shall be reserved and used according to subdivision 4, paragraph (b).~~

Sec. 4. Minnesota Statutes 1994, section 124.83, subdivision 4, is amended to read:

Subd. 4. [HEALTH AND SAFETY LEVY.] To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to ~~50 percent of the equalizing factor~~ $4,707.50.

Sec. 5. Minnesota Statutes 1994, section 124.84, subdivision 3, is amended to read:

Subd. 3. [LEVY AUTHORITY.] The district may levy up to $300,000 under this section, as approved by the commissioner. The approved amount may be levied over ~~five~~ eight or fewer years.

Sec. 6. Minnesota Statutes 1994, section 124.91, subdivision 3, is amended to read:

Subd. 3. [POST-JUNE 1992 LEASE PURCHASE, INSTALLMENT BUYS.] (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b)(1) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law.

(2) An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) In this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with the state board of education rules relating to equality of educational opportunity and school desegregation; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

~~(f) Projects may be approved under this section by the commissioner in fiscal years 1993, 1994, and 1995 only.~~

~~(g)~~ For the purposes of this subdivision, any references in subdivision 1 to building or land shall be deemed to include personal property.

Sec. 7. Minnesota Statutes 1994, section 124.95, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] (a) The following portions of a district's debt service levy qualify for debt service equalization:

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 121.15, if the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

(b) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:

(i) serves an average of at least 66 pupils per grade in the grades to be served by the facility; or

(ii) is eligible for elementary or secondary sparsity revenue.

(c) The criterion described in section 124.431, subdivision 2, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

~~(d) Districts identified in Laws 1990, chapter 562, article 11, section 8, do not need to meet the criteria of section 124.431, subdivision 2, to qualify.~~

Sec. 8. Minnesota Statutes 1994, section 124.95, subdivision 4, is amended to read:

Subd. 4. [EQUALIZED DEBT SERVICE LEVY.] To obtain debt service equalization revenue, a district must levy an amount not to exceed the district's debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~50 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable~~ $4,707.50.

Sec. 9. Minnesota Statutes 1994, section 124.95, subdivision 6, is amended to read:

Subd. 6. [DEBT SERVICE EQUALIZATION AID PAYMENT SCHEDULE.] Debt service equalization aid must be paid as follows: ~~one-third~~ 30 percent before September 15, ~~one-third~~ 30 percent before December 15, ~~and one-third~~ 25 percent before March 15 ~~of each year~~, and a final payment of 15 percent by July 15 of the subsequent fiscal year.

Sec. 10. Minnesota Statutes 1994, section 124.961, is amended to read:

124.961 [DEBT SERVICE APPROPRIATION.]

(a) ~~$17,000,000 in fiscal year 1994, $26,000,000 in fiscal year 1995, and $31,600,000~~ $30,054,000 in fiscal year 1996, $27,370,000 in fiscal year 1997, and $32,200,000 in fiscal year 1998 and each year thereafter is appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. The ~~1994~~ 1998 appropriation includes ~~$3,000,000 for 1993 and $14,000,000 for 1994~~ $4,830,000 for 1997 and $27,370,000 for 1998.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 11. [ASKOV CAPITAL LOAN.]

The liability for the capital loan granted to independent school district No. 588, Askov, in 1982, if not repaid at the end of 30 years, is satisfied and discharged and interest on the loan ceases.

Sec. 12. [ALTERNATIVE DEBT SERVICE PLAN.]

Notwithstanding the procedures for dealing with outstanding debt in Minnesota Statutes, section 122.23, subdivision 16, independent school district Nos. 789, Clarissa, and 790, Eagle Bend, may develop an alternative plan for meeting debt service for bonds outstanding at the time of reorganization. That plan may provide for the obligation of paying bonds outstanding at the time of reorganization to remain with the district that originally issued the bonds except that the plan may provide for independent school district No. 790, Eagle Bend, when its outstanding debt is paid off, to continue making a debt levy and contribute the proceeds of that levy towards the outstanding debt of independent school district No. 789, Clarissa. This debt plan must be approved by the commissioner of education as in Minnesota Statutes, section 122.23, subdivision 6. Any

contributions toward the debt of independent school district No. 789, Clarissa, by independent school district No. 790, Eagle Bend, under this section must not be considered in the calculation of debt equalization aid for independent school district Nos. 790, Eagle Bend, or 789, Clarissa.

Sec. 13. [ELIGIBILITY FOR DEBT SERVICE AID; JANESVILLE-WALDORF-PEMBERTON.]

Notwithstanding Minnesota Statutes, section 124.95, subdivision 2, independent school district No. 2835, Janesville-Waldorf-Pemberton, meets the criterion of Minnesota Statutes, section 124.431, subdivision 2, paragraph (a), clause (2), if the district, in the year which the bonds are authorized in an election conducted under Minnesota Statutes, chapter 475, or in the prior fiscal year, serves at least 66 pupils per grade in the grades to be served by the facility.

Sec. 14. [CAPITAL FACILITIES USE.]

Notwithstanding Minnesota Statutes, section 124.243, subdivision 8, for fiscal year 1996 a district may use up to one-third of its capital expenditure facilities revenue for equipment uses under Minnesota Statutes, section 124.244.

Sec. 15. [LITCHFIELD LEASE LEVY.]

Notwithstanding the instructional purposes limitation of Minnesota Statutes, section 124.91, subdivision 1, independent school district No. 465, Litchfield, may apply to the commissioner of education to make an additional capital levy under Minnesota Statutes, section 124.91, subdivision 1, to rent or lease a building or land for administrative purposes. The levy may not exceed the amount necessary to obtain space similar in size and quality to the office space already vacated for instructional purposes.

Sec. 16. [JOINT ELEMENTARY FACILITY.]

Subdivision 1. [APPLICATION.] This section applies to independent school district Nos. 622, North St. Paul-Maplewood-Oakdale; 833, South Washington county; and 834, Stillwater, and to the joint elementary facility to be operated by the districts.

Subd. 2. [JOINT POWERS AGREEMENT.] Notwithstanding Minnesota Statutes, section 123.35, subdivision 19a, the districts may obligate themselves to participate in and to provide financial support for a joint powers agreement to govern the administration, financing, and operation of the joint elementary facility during the period when the obligations issued to finance the joint elementary facility remain outstanding.

Subd. 3. [LEASING LEVY.] Notwithstanding any contrary provision of Minnesota Statutes, section 124.91, each district annually may levy the amount necessary to pay its proportionate share of its obligations under the lease or a lease with option to purchase agreement for the joint elementary facility during the term of that agreement. The agreement is not required to include a nonappropriation clause on the part of the districts. An election is not required in connection with the execution of the lease or lease with option to purchase agreement and the obligation created by the agreement does not constitute debt and must not be included in the calculation of net debt for any of the districts.

Subd. 4. [FACILITY BELONGS TO EACH DISTRICT; ENROLLMENT.] The joint elementary facility shall be considered a facility of each of the three districts and students attending the facility from the three districts shall be treated for all purposes as resident pupils attending a school in their home district.

Sec. 17. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [CAPITAL EXPENDITURE FACILITIES AID.] For capital expenditure facilities aid according to Minnesota Statutes, section 124.243, subdivision 5:

$76,552,000 1996

$11,530,000 1997

The 1996 appropriation includes $11,214,000 for 1995 and $65,338,000 for 1996.

The 1997 appropriation includes $11,530,000 for 1996.

Subd. 3. [EQUIPMENT AID.] For equipment aid according to Minnesota Statutes, section 124.244, subdivision 3:

$44,024,000 1996

$ 6,749,000 1997

The 1996 appropriation includes $5,782,000 for 1995 and $38,242,000 for 1996.

The 1997 appropriation includes $6,749,000 for 1996.

Subd. 4. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:

$14,725,000 1996

$11,760,000 1997

The 1996 appropriation includes $2,606,000 for 1995 and $12,119,000 for 1996.

The 1997 appropriation includes $2,138,000 for 1996 and $9,622,000 for 1997.

Subd. 5. [PROGRAM START-UP AND IMPLEMENTATION GRANT.] For a grant to offset extraordinary program start-up and implementation expenses incurred prior to the time the joint facility in section 16 becomes operational:

$200,000 1996

This appropriation is available until June 30, 1997.

Subd. 6. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 124.95, subdivision 5:

$30,054,000 1996

$27,370,000 1997

The 1996 appropriation includes $30,054,000 for 1996.

The 1997 appropriation includes $27,370,000 for 1997. This appropriation is 85 percent of the aid entitlement for 1997.

Subd. 7. [PLANNING GRANT.] For a grant to independent school district Nos. 325, Lakefield; 328, Sioux Valley; 330, Heron Lake-Okabena; 513, Brewster; and 516, Round Lake acting as a joint powers agreement:

$40,000 1996

The grant is to cover costs associated with planning for facility needs for a combined district. The facilities must provide for the location of a significant number of noneducational student and community service programs within the facility. The joint powers group must consult with independent school district Nos. 324, Jackson; 177, Windom; and 518, Worthington, and include facility needs and availability in those districts in the group's planning.

Sec. 18. [REPEALER.]

Laws 1991, chapter 265, article 5, section 23, as amended by Laws 1992, chapter 499, article 5, section 25, is repealed July 1, 1995.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1994, section 121.912, subdivision 6, is amended to read:

Subd. 6. [ACCOUNT TRANSFER FOR REORGANIZING DISTRICTS.] ~~(a)~~ A school district that has reorganized according to section 122.22, 122.23, or sections 122.241 to 122.248, or has conducted a successful referendum on the question of combination under section 122.243, subdivision 2, or consolidation under section 122.23, subdivision 13, or has been assigned an identification number by the commissioner under section 122.23, subdivision 14, may make permanent transfers between any of the funds in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made ~~only~~ for up to one year prior to the effective date of combination or consolidation and during the year following the effective date of reorganization.

~~(b) A district that has conducted a successful referendum on the question of combination under section 122.243, subdivision 2, may make permanent transfers between any of the funds in the district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund for up to one year prior to the effective date of combination under sections 122.241 to 122.248.~~

Sec. 2. Minnesota Statutes 1994, section 122.21, subdivision 4, is amended to read:

Subd. 4. Within six months of the time when the petition was filed, the county board shall issue its order either granting or denying the petition, unless all or part of the land area described in the petition is included in a plat for consolidation or combination which has been approved by the ~~state board~~ commissioner of education in which event, no order may be issued while consolidation or combination proceedings are pending. No order shall be issued which results in attaching to a district any territory not adjoining that district, as defined in subdivision 1(a). No order shall be issued which reduces the size of any district to less than four sections unless the district is not operating a school within the district. The order may be made effective at a deferred date not later than July 1 next following its issuance. If the petition be granted, the auditor shall transmit a certified copy to the commissioner. Failure to issue an order within six months of the filing of the petition or termination of proceedings upon an approved consolidation plat, whichever is later, is a denial of the petition.

Sec. 3. Minnesota Statutes 1994, section 124.2725, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A school district is eligible for cooperation and combination revenue if it has a plan approved by the commissioner according to section 122.243 and it levied under subdivision 3 for taxes payable in 1995.

Sec. 4. Minnesota Statutes 1994, section 124.2725, subdivision 3, is amended to read:

Subd. 3. [COOPERATION AND COMBINATION LEVY.] To obtain cooperation and combination revenue, a district may levy an amount equal to the cooperation and combination revenue multiplied by the lesser of one or the following ratio:

(1) the quotient derived by dividing the adjusted net tax capacity for the district in the year preceding the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable, to

(2) the ~~percentage,~~ amount specified in subdivision 4~~, of the equalizing factor~~ for the school year to which the levy is attributable.

Sec. 5. Minnesota Statutes 1994, section 124.2725, subdivision 4, is amended to read:

Subd. 4. [INCREASING LEVY.] (a) For districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and that combine without cooperating, the ~~percentage~~ amount in subdivision 3, clause (2), shall be:

(1) ~~50 percent~~ $4,707.50 for the first year of combination; and

(2) ~~25 percent~~ $2,353.75 for the second year of combination.

(b) For districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, the percentages in subdivision 3, clause (2), shall be:

(1) ~~100 percent~~ $9,415 for the first year of combination;

(2) ~~75 percent~~ $7,061.25 for the second year of combination;

(3) ~~50 percent~~ $4,707.50 for the third year of combination; and

(4) ~~25 percent~~ $2,353.75 for the fourth year of combination.

(c) For districts that combine after one year of cooperation, the percentage in subdivision 3, clause (2), shall be:

(1) ~~100 percent~~ $9,415 for the first year of cooperation;

(2) ~~75 percent~~ $7,061.25 for the first year of combination;

(3) ~~50 percent~~ $4,707.50 for the second year of combination; and

(4) ~~25 percent~~ $2,353.75 for the third year of combination.

(d) For districts that combine after two years of cooperation, the percentage in subdivision 3, clause (2), shall be:

(1) ~~100 percent~~ $9,415 for the first year of cooperation;

(2) ~~75 percent~~ $7,061.25 for the second year of cooperation;

(3) ~~50 percent~~ $4,707.50 for the first year of combination; and

(4) ~~25 percent~~ $2,353.75 for the second year of combination.

Sec. 6. Minnesota Statutes 1994, section 124.2725, subdivision 15, is amended to read:

Subd. 15. [RETIREMENT AND SEVERANCE LEVY.] A cooperating or combined district that levied under subdivision 3 for taxes payable in 1995 may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early as a result of the cooperation or combination.

Sec. 7. Minnesota Statutes 1994, section 124.2726, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY AND USE.] A school district that has been reorganized after June 30, 1994, under section 122.23 ~~and has not received revenue under section 124.2725~~ is eligible for consolidation transition revenue. Revenue is equal to the sum of aid under subdivision 2 and levy under subdivision 3. Consolidation transition revenue may only be used according to this section. ~~Revenue must initially be used for the payment of district costs for the early retirement incentives granted by the district under section 122.23, subdivision 20. Any revenue under subdivision 2 remaining after the payment of district costs for the early retirement incentives must be used to reduce operating debt as defined in section 121.915. Any additional aid remaining after the reduction of operating debt must be deposited in the district's general fund.~~ Revenue must be used for the following purposes and may be distributed among these purposes at the discretion of the district:

(1) to offer early retirement incentives as provided by section 122.23, subdivision 20;

(2) to reduce operating debt as defined in section 121.915;

(3) to enhance learning opportunities for students in the reorganized district; and

(4) for other costs incurred in the reorganization.

Revenue received and utilized under clause (3) or (4) may be expended for operating, facilities, and/or equipment. Revenue received under this section shall not be included in the determination of the reduction under section 124A.26, subdivision 1.

Sec. 8. Minnesota Statutes 1994, section 124.2726, subdivision 2, is amended to read:

Subd. 2. [AID.] (a) Consolidation transition aid is equal to $200 times the number of actual pupil units in the newly created district in the year of consolidation and $100 times the number of actual pupil units in the first year following the year of consolidation. The number of pupil units used to calculate aid in either year shall not exceed 1,000 for districts consolidating July 1, 1994, and 1,500 for districts consolidating July 1, 1995, and thereafter.

(b) If the total appropriation for consolidation transition aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of education shall first pay the districts in the first year following the year of consolidation the full amount of aid earned and distribute any remaining funds to the newly created districts in the first year of consolidation.

Sec. 9. Minnesota Statutes 1994, section 124.2726, subdivision 4, is amended to read:

Subd. 4. [NEW DISTRICTS.] If a district consolidates with another district that has received ~~consolidation transition~~ aid under 124.2725 or 124.2726 within six years of the effective date of the new consolidation, only the pupil units in the district or districts not previously reorganized shall be counted for aid purposes under subdivision 2. If two or more districts consolidate and ~~both~~ all districts received aid under subdivision 2 within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district shall be used to determine aid under subdivision 2.

Sec. 10. Minnesota Statutes 1994, section 124.2727, subdivision 6d, is amended to read:

Subd. 6d. [REVENUE USES.] (a) A district must place its district cooperation revenue in a reserved account and may only use the revenue to purchase goods and services from entities formed for cooperative purposes or to otherwise provide educational services in a cooperative manner.

(b) A district that was a member of an intermediate school district organized pursuant to chapter 136D on July 1, 1994, and that has fewer than 25,000 actual pupil units must place its district cooperation revenue in a reserved account and must allocate a portion of the reserved revenue for instructional services from entities formed for cooperative services for special education programs and secondary vocational programs. The allocated amount is equal to the levy made according to section 124.2727, subdivision 6, for taxes payable in 1994 divided by the actual pupil units in the intermediate school district for fiscal year 1995 times the number of actual pupil units in the school district in 1995. The district must use 5/11 of the revenue for special education and 6/11 of the revenue for secondary vocational education. The district must demonstrate that the revenue is being used to provide the full range of special education and secondary vocational programs and services available to each child served by the intermediate. The secondary vocational programs and service must meet the requirements established in an articulation agreement developed between the state board of education and the higher education board.

(c) A district that was not a member of an intermediate district organized under chapter 136D on July 1, 1994, must spend at least $9 per pupil unit of its district cooperation revenue on secondary vocational programs.

Sec. 11. Minnesota Statutes 1994, section 124.2728, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A school district that reorganizes under section 122.23 or sections 122.241 to 122.248 effective on ~~or after~~ July 1, 1994, is eligible for special consolidation aid under this section. A district may receive aid under this section for only three years.

Sec. 12. [LAC QUI PARLE VALLEY JOINT DISTRICT.]

Subdivision 1. [FUND TRANSFER.] Notwithstanding Minnesota Statutes, section 121.912, or any other law to the contrary, independent school district No. 377, Madison, may transfer $1,000,000 from its capital expenditure fund to the trust and agency fund of joint powers school district No. 6011, Lac qui Parle Valley.

Subd. 2. [BALLOT ISSUES.] Notwithstanding Minnesota Statutes, sections 122.531 and

124A.03, the referendum held in the member districts of joint school district No. 6011, Lac qui Parle Valley, may, as part of the ballot question to approve the plan to combine the districts, include a reference to the referendum revenue amount that will result in not more than $315 per pupil unit of revenue in the combined district.

Subd. 3. [LEVY REDUCTION.] Beginning with taxes certified in 2004 payable in 2005, the tax levy on the property that was in independent school district No. 2153, Madison-Marietta-Nassau, on June 30, 1996, is reduced by $100,000 per year for a ten-year period. In each fiscal year for which this levy that would have been attributed, the amounts necessary to make up for the levy reduction are transferred from the trust and agency fund of the successor district to joint district No. 6011, Lac qui Parle Valley, to the appropriate funds as necessary to replace the levy reduction. Any funds remaining in the trust and agency fund as a result of the transfer authorized in subdivision 1 after the ten-year period are transferred to the capital expenditure fund or its successor fund of the district.

Subd. 4. [REORGANIZATION OPERATING DEBT LEVY.] Independent school district No. 128, Milan, and its successor district may certify the levy for reorganization operating debt authorized in Minnesota Statutes, section 122.531, subdivision 4a, beginning in the year of a successful vote to combine. The levy must be certified according to Minnesota Statutes, section 122.531, subdivision 4a, paragraph (a), clause (1), except that the levy may be certified over less than five years. The reorganization operating debt levy is reduced by the amount of any state grant for the same purpose.

Sec. 13. [LAKE PARK-AUDUBON CONSOLIDATION PROVISION.]

Notwithstanding Minnesota Statutes, sections 122.23 and 205A.12, independent school district No. 21, Audubon, and independent school district No. 24, Lake Park, as part of an agreement to consolidate according to section 122.23, may agree to provide for two multimember election districts, with each district entitled to elect three members of the board of the consolidated district. This section applies until it is necessary to take action for the first election using census data from the year 2000.

Sec. 14. [HACA ALLOCATION; EAST CENTRAL.]

Independent school district No. 2580, East Central, may, by school board resolution, reallocate any portion of its homestead and agricultural credit aid attributable to the levies in the debt redemption fund to the debt service levies spread separately upon the tax bases of former independent school district Nos. 566, Askov, and 576, Sandstone.

Sec. 15. [PILOT ENHANCED PAIRING AGREEMENT.]

Subdivision 1. [AGREEMENT.] Notwithstanding any law to the contrary, any two or more of the boards of independent school district Nos. 648, Danube, 654, Renville, 655, Sacred Heart, and 631, Belview, may enter into an enhanced pairing agreement providing for the discontinuance of one or more grades, or portions of those grades, and for the instruction of those grades in another district that is subject to the agreement. The agreement, and all subsequent amendments, if any, shall be filed with the commissioner of education.

Subd. 2. [SINGLE BOARD.] The districts shall provide in the enhanced pairing agreement that the governance of the districts will be by the combined membership of the separate boards acting as a single board for purposes of quorum and passing resolutions. A quorum must include a minimum of one member from each of the separate boards. The membership of the separate boards may be reduced to five members in a manner consistent with Minnesota Statutes, section 123.33, subdivision 1. The actions reserved for the separate boards shall be ratification of amendments to the agreement, serving a notice of withdrawal from the agreement, and other items reserved for the separate boards as defined in the agreement.

Subd. 3. [PERSONNEL.] The districts subject to the enhanced pairing agreement must have one exclusive bargaining representative, one master contract, and a combined seniority list. The teachers and other employees of the districts will be employees of the single board established by the agreement unless specifically excluded in the agreement. If the agreement dissolves or a board withdraws from the agreement, the affected employees shall be provided for in a manner consistent with Minnesota Statutes, section 122.895.

Subd. 4. [FINANCIAL.] (a) Fiscal operations shall be merged under the enhanced pairing agreement, and the single board shall be the fiscal agent to meet reporting requirements. The department of education shall assign a single identification number to apply to the districts subject to the agreement. Levies shall be made jointly except for levies under Minnesota Statutes, sections 124A.03 and 124.97. Districts subject to the agreement shall be considered a single independent school district for purposes of fees or dues assessments.

(b) Title to all the unattached property and all cash reserves of any district subject to the enhanced pairing agreement shall become the property of the single board unless otherwise provided for in the agreement. All legally valid and enforceable claims and contract obligations pass to the single board. For purposes of litigation, the districts subject to the agreement may be recognized singly or jointly. If the agreement dissolves or a board withdraws from the agreement, the commissioner shall divide assets and liabilities of the single board proportionately based on the weighted average daily membership over the last three years.

Subd. 5. [NOTICE AND HEARING.] Prior to entering into an enhanced pairing agreement, the school board shall consult with the community at an informational meeting. The board shall publish notice of the meeting in the official newspaper of the district.

Sec. 16. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.

Subd. 2. [CAPITAL FACILITY GRANTS FOR COOPERATION AND COMBINATION.] For competitive grants under Minnesota Statutes, section 124C.60:

$ 408,000	.....	1996
$ -0-	.....	1997

Subd. 3. [SPECIAL CONSOLIDATION AID.] For special consolidation aid under Minnesota Statutes, section 124.2728:

$ 75,000	.....	1996
$ 40,000	.....	1997

The 1996 appropriation includes $12,000 for 1995 and $63,000 for 1996.

The 1997 appropriation includes $9,000 for 1996 and $31,000 for 1997.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [MILAN REORGANIZATION OPERATING DEBT.] For a grant to independent school district No. 128, Milan, to retire operating debt:

$ 36,000	.....	1996
$ 36,000	.....	1997

Subd. 5. [CONSOLIDATION TRANSITION AID.] For districts consolidating under Minnesota Statutes, section 124.2726:

$ 991,000	.....	1996
$1,153,000	.....	1997

The 1996 appropriation includes $75,000 for 1995 and $833,000 for 1996.

The 1997 appropriation includes $146,000 for 1996 and $946,000 for 1997.

Any balance in the first year does not cancel but is available in the second year.

Subd. 6. [COOPERATION AND COMBINATION AID.] For aid for districts that cooperate and combine according to Minnesota Statutes, section 124.2725:

$3,297,000 1996

$1,973,000 1997

The 1996 appropriation includes $542,000 for 1995 and $2,755,000 for 1996.

The 1997 appropriation includes $486,000 for 1996 and $1,487,000 for 1997.

Any balance in the first year does not cancel but is available in the second year.

Subd. 7. [DISTRICT COOPERATION REVENUE.] For district cooperation revenue aid:

connie

$ 13,486,000 1996

$12,135,000 1997

The 1996 appropriation includes $2,115,000 for 1995 and $11,371,000 for 1996.

The 1997 appropriation includes $2,006,000 for 1996 and $10,129,000 for 1997.

Sec. 17. [EFFECTIVE DATE.]

Section 12, subdivision 2, is effective the day following final enactment. Section 12, subdivisions 3 and 4, and section 16, subdivision 4, are effective following the successful vote to consolidate effective July 1, 1996, by all the members of joint district No. 6011, Lac qui Parle Valley. Section 12, subdivision 1, is effective retroactive to January 1, 1989.

ARTICLE 7

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 1994, section 121.11, subdivision 7c, is amended to read:

Subd. 7c. [RESULTS-ORIENTED GRADUATION RULE.] (a) The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the state board shall use its rulemaking authority under subdivision 7b to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning ninth grade in the 1996-1997 school year. The board shall not prescribe in rule or otherwise the delivery system, form of instruction, or a single statewide form of assessment that local sites must use to meet the requirements contained in this rule.

(b) Assessments used to measure knowledge required by all students for graduation must be developed according to the most current version of professional standards for educational testing.

(c) The content of the graduation rule must differentiate between minimum competencies and rigorous standards. When fully implemented, the requirements for high school graduation in Minnesota, including both basic requirements and the required profile of learning, shall include a broad range of academic experience and accomplishment necessary to achieve the goal of preparing students to function effectively as purposeful thinkers, effective communicators, self-directed learners, productive group participants, and responsible citizens.

(d) The state board shall periodically review and report on the assessment process and student achievement with the expectation of raising the standards and expanding high school graduation requirements.

(e) The state board shall report to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements until such time as all the graduation requirements are implemented.

Sec. 2. Minnesota Statutes 1994, section 123.3514, subdivision 4d, is amended to read:

Subd. 4d. [ENROLLMENT PRIORITY.] A post-secondary institution shall give priority to its post-secondary students when enrolling 11th and 12th grade pupils in its courses ~~for secondary credit~~. A post-secondary institution may provide information about its programs to a secondary

school or to a pupil or parent, but it may not advertise or otherwise recruit or solicit the participation on financial grounds, secondary pupils to enroll in its programs. An institution shall not enroll secondary pupils, for post-secondary enrollment options purposes, in remedial, developmental, or other courses that are not college level. Once a pupil has been enrolled in a post-secondary course under this section, the pupil shall not be displaced by another student.

Sec. 3. [PSEO STUDY.]

The legislative audit commission is asked to request that the office of the legislative auditor conduct a study of the post-secondary enrollment options program under Minnesota Statutes, section 123.3514, including an assessment of the number of students participating, their demographic characteristics, the types of courses being taken, the fiscal impact of the program, program compliance, and whether the program is responsive to parents, students, and teacher input.

Sec. 4. [YEAR-ROUND SCHOOL/EXTENDED WEEK OR DAY PILOT PROGRAMS.]

Subdivision 1. [ESTABLISHMENT.] An extended school year/week/day pilot program is established to increase student achievement, skills, and self-confidence through the flexible use of learning time by implementing multitrack year-round school or extending the standard school week or day. Year-round school/extended week or day pilot program grants shall be available to independent school district Nos. 911, Cambridge; 624, White Bear Lake; 833, South Washington county; and two rural school districts selected by the commissioner of education.

Subd. 2. [APPLICATION; EVALUATION.] (a) To participate in the pilot program, a district shall submit an application to the commissioner of education in the form and manner prescribed by the commissioner. The application shall include a plan for developing and implementing multitrack year-round school or an extended learning time program that provides the following:

(1) more time for student learning;

(2) more varied resources to meet student learning styles;

(3) learning opportunities that typically are not available in the regular student day;

(4) home, school, and community involvement, support, and communication;

(5) preprogram and postprogram student evaluations; and

(6) more efficient use of facilities and other resources.

Subd. 3. [YEAR-ROUND SCHOOL/EXTENDED SCHOOL WEEK OR DAY PILOT PROGRAM GRANTS.] Year-round school/extended week or day pilot program grants may be used for planning, flexible staffing, transportation, technology necessary to implement the multitrack year-round school or extended learning time program, or to install or improve heating, ventilation, and air conditioning systems in existing buildings to accommodate year-round use of the buildings. Grant proceeds may also be used for deferred maintenance approved by the commissioner. Funds used for capital improvements shall be deposited in the appropriate fund.

Sec. 5. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.] For the state advanced placement and international baccalaureate programs, including training programs, support programs, and examination fee subsidies:

$875,000	.....	1996
$875,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

$550,000 each year is for examination fee subsidies. Notwithstanding Minnesota Statutes,

section 126.239, subdivision 3, in fiscal year 1995, the commissioner shall pay the fee for one advanced placement or international baccalaureate examination for the first examination each student takes. The commissioner shall pay 50 percent of the fee for each additional examination a student takes or more than 50 percent if the student meets the low-income guidelines established by the commissioner. If this amount is not adequate, the commissioner may pay less than 50 percent for the additional examinations.

Subd. 3. [SCHOOL RESTRUCTURING GRANTS.] For school restructuring:

$300,000	.....	1996
$300,000	.....	1997

This appropriation is for a grant to a nonstate organization to develop systemic site decision-making models and implement systemic site decision-making in school districts.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [YEAR-ROUND SCHOOL/EXTENDED WEEK OR DAY PILOT PROGRAM GRANTS.] For year-round school/extended week or day pilot program grants:

$1,500,000	.....	1996

$500,000 is for a grant to independent school district No. 624, White Bear Lake.

$500,000 is for a grant to independent school district No. 833, South Washington county.

$100,000 is for a grant to independent school district No. 911, Cambridge.

$400,000 is for grants to two rural school districts selected by the commissioner of education.

Sec. 6. [REPEALER.]

Minnesota Statutes 1994, section 125.138, subdivisions 6, 7, 8, 9, 10, 11; and Laws 1992, chapter 499, article 7, section 27, are repealed.

ARTICLE 8

OTHER EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1994, section 124.214, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 124.912, subdivision 9. The amount of the abatement adjustment shall be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(a) the sum of the amounts of the district's certified levy in the preceding year according to the following:

(i) section 124A.23 if the district ~~receives~~ received general education aid according to that section for the second preceding year, ~~or section 124B.20, if the education district of which the district is a member receives general education aid according to that section;~~

(ii) section 124.226, subdivisions 1 and 4, if the district ~~receives~~ received transportation aid according to section 124.225 for the second preceding year;

(iii) section 124.243, if the district ~~receives~~ received capital expenditure facilities aid according to that section for the second preceding year;

(iv) section 124.244, if the district ~~receives~~ received capital expenditure equipment aid according to that section for the second preceding year;

(v) section 124.83, if the district ~~receives~~ received health and safety aid according to that section for the second preceding year;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district ~~receives~~ received aid for community education programs according to any of those sections for the second preceding year;

(vii) section 124.2711, subdivision 2a, if the district ~~receives~~ received early childhood family education aid according to section 124.2711 for the second preceding year;

(viii) section 124.321, subdivision 3, if the district ~~receives~~ received special education levy equalization aid according to that section for the second preceding year;

(ix) section 124A.03, subdivision 1g, if the district ~~receives~~ received referendum equalization aid according to that section for the second preceding year; and

(x) section 124A.22, subdivision 4a, if the district ~~receives~~ received training and experience aid according to that section for the second preceding year;

(b) to the total amount of the district's certified levy in the preceding October, plus or minus auditor's adjustments.

Sec. 2. Minnesota Statutes 1994, section 124.214, subdivision 3, is amended to read:

Subd. 3. [EXCESS TAX INCREMENT.] If a return of excess tax increment is made to a school district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the school district, times

(2) the ratio of:

(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) section 124A.23, if the district ~~receives~~ received general education aid according to that section~~, or section 124B.20, if the education district of which the district is a member receives general education aid according to that section~~ for the second preceding year;

(ii) section 124.226, subdivisions 1 and 4, if the school district ~~receives~~ received transportation aid according to section 124.225 for the second preceding year;

(iii) section 124.243, if the district ~~receives~~ received capital expenditure facilities aid according to that section for the second preceding year;

(iv) section 124.244, if the district ~~receives~~ received capital expenditure equipment aid according to that section for the second preceding year;

(v) section 124.83, if the district ~~receives~~ received health and safety aid according to that section for the second preceding year;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district ~~receives~~ received aid for community education programs according to any of those sections for the second preceding year;

(vii) section 124.2711, subdivision 2a, if the district ~~receives~~ received early childhood family education aid according to section 124.2711 for the second preceding year;

(viii) section 124.321, subdivision 3, if the district ~~receives~~ received special education levy equalization aid according to that section for the second preceding year;

(ix) section 124A.03, subdivision 1g, if the district ~~receives~~ received referendum equalization aid according to that section for the second preceding year; and

(x) section 124A.22, subdivision 4a, if the district ~~receives~~ received training and experience aid according to that section for the second preceding year;

(B) to the total amount of the school district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment, and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds $25,000.

Sec. 3. Minnesota Statutes 1994, section 124.248, is amended to read:

124.248 [REVENUE FOR ~~AN OUTCOME BASED~~ A RESULTS-ORIENTED CHARTER SCHOOL.]

Subdivision 1. [GENERAL EDUCATION REVENUE.] General education revenue shall be paid to ~~an outcome based~~ a charter school as though it were a school district. The general education revenue for each pupil unit is the state average general education revenue per pupil unit, calculated without compensatory revenue, plus compensatory revenue as though the school were a school district.

Subd. 1a. [TRANSPORTATION REVENUE.] Transportation revenue shall be paid to a charter school that provides transportation services according to section 120.064, subdivision 15, as though it were a school district. Transportation aid shall equal transportation revenue.

(a) For the first two years that a charter school is providing transportation services, the regular transportation allowance for the charter school shall be equal to the regular transportation allowance for the school district in which the charter school is located. For the third year of transportation services and later fiscal years, the predicted base cost for the charter school shall be equal to the predicted base cost for the school district in which the charter school is located.

(b) For the first two years that a charter school is providing transportation services, the nonregular transportation revenue equals the charter school's actual cost in the current school year for nonregular transportation services, minus the amount of regular transportation revenue attributable to FTE's in the handicapped category in the current school year. For the third year of transportation services and later fiscal years, the nonregular transportation revenue shall be computed according to section 124.225, subdivision 7d, paragraph (b).

Subd. 2. [CAPITAL EXPENDITURE EQUIPMENT REVENUE.] Capital expenditure equipment aid shall be paid to ~~an outcome based~~ a charter school according to section 124.245, subdivision 6, as though it were a school district.

Capital expenditure equipment aid shall equal capital expenditure equipment revenue. Notwithstanding section 124.244, subdivision 4, ~~an outcome based~~ a charter school may use the revenue for any purpose related to the school.

Subd. 3. [SPECIAL EDUCATION AND LIMITED ENGLISH PROFICIENCY AID.] Special

education aid shall be paid to ~~an outcome based~~ a charter school according to section 124.32 as though it were a school district. The charter school may charge tuition to the district of residence as provided in section 120.17, subdivision 4. Limited English proficiency programs aid shall be paid to a charter school according to section 124.273 as though it were a school district. The ~~outcome based~~ charter school shall allocate its special education levy equalization revenue to the resident districts of the pupils attending the ~~outcome based~~ charter school as though it were a cooperative, as provided in section 124.321, subdivision 2, paragraph (a), ~~clause~~ clauses (1) and (3). The districts of residence shall levy as though they were participating in a cooperative, as provided in section 124.321, subdivision 3.

Subd. 4. [OTHER AID, GRANTS, REVENUE.] (a) ~~An outcome based~~ A charter school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district except that, notwithstanding section 124.195, subdivision 3, the payments shall be of an equal amount on each of the 23 payment dates unless ~~an outcome based~~ a charter school is in its first year of operation in which case it shall receive on its first payment date 15 percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 85 percent of the cumulative amount guaranteed. However, it may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district. A charter school may apply for and directly receive federal money.

(b) Any revenue received from any source, other than revenue that is specifically allowed for operational, maintenance, capital facilities revenue under paragraph (c), ~~and~~ capital expenditure equipment costs under this section, and federal money may be used only for the planning and operational start-up costs of ~~an outcome based~~ a charter school. Any unexpended revenue from any source under this paragraph must be returned to that revenue source or conveyed to the sponsoring school district, at the discretion of the revenue source.

(c) ~~An outcome based~~ A charter school may receive money from any source for capital facilities needs. Any unexpended capital facilities revenue must be reserved and shall be expended only for future capital facilities purposes.

Subd. 5. [USE OF STATE MONEY.] Money received from the state may not be used to purchase land or buildings. The school may own land and buildings if obtained through nonstate sources.

Sec. 4. Minnesota Statutes 1994, section 124.916, subdivision 2, is amended to read:

Subd. 2. [RETIRED EMPLOYEE HEALTH BENEFITS.] For taxes payable in ~~1994 and 1995~~ 1996, 1997, 1998, and 1999 only, a school district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed $300,000.

Notwithstanding section 121.904, 50 percent of the proceeds of this levy shall be recognized in the fiscal year in which it is certified.

Sec. 5. Minnesota Statutes 1994, section 125.12, subdivision 3, is amended to read:

Subd. 3. [PROBATIONARY PERIOD.] The first three consecutive years of a teacher's first teaching experience in Minnesota in a single school district shall be deemed to be a probationary period of employment, and after completion thereof, the probationary period in each school district in which the teacher is thereafter employed shall be one year. The ~~school site management team, or the~~ school board ~~if there is no school site management team,~~ shall adopt a plan for written evaluation of teachers during the probationary period ~~according to subdivision 3a or 3b~~. Evaluation ~~by the peer review committee charged with evaluating probationary teachers under subdivision 3a~~ shall occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60

school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. During the probationary period any annual contract with any teacher may or may not be renewed as the school board~~, after consulting with the peer review committee charged with evaluating probationary teachers under subdivision 3a,~~ shall see fit; provided, however, that the school board shall give any such teacher whose contract it declines to renew for the following school year written notice to that effect before June 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the school board shall give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 123.35, subdivision 5.

Sec. 6. Minnesota Statutes 1994, section 125.623, subdivision 2, is amended to read:

Subd. 2. [GRANTS.] The commissioner of education in consultation with the ~~multicultural advisory committee established in section 126.82~~ desegregation/integration advisory board established in section 121.1601, subdivision 3, shall award grants for professional development programs to recruit and educate people of color in the field of education, including early childhood and parent education. Grant applicants must be a school district with a growing minority population working in collaboration with a state institution of higher education with an approved teacher licensure program or an approved early childhood or parent education licensure program.

Sec. 7. Minnesota Statutes 1994, section 126.22, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] (a) A pupil who is eligible according to subdivision 2 may enroll in ~~any program approved by the state board of education under Minnesota Rules, part 3500.3500, or~~ area learning centers under sections 124C.45 to 124C.48, or according to section 121.11, subdivision 12.

(b) A pupil who is eligible according to subdivision 2 and who is between the ages of 16 and 21 may enroll in post-secondary courses under section 123.3514.

(c) A pupil who is eligible under subdivision 2, may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, clause (b), may enroll only if the school board has adopted a resolution approving the enrollment.

(d) A pupil who is eligible under subdivision 2, may enroll part time, if 16 years of age or older, or full time in any nonprofit, nonpublic, nonsectarian school that has contracted with the serving school district to provide educational services.

(e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic education programs approved under section 124.26 and operated under the community education program contained in section 121.88.

Sec. 8. Minnesota Statutes 1994, section 126.70, is amended to read:

126.70 [STAFF DEVELOPMENT PROGRAM.]

Subdivision 1. [STAFF DEVELOPMENT COMMITTEE.] A school board shall use the revenue authorized in section 124A.29 for in-service education for programs under section 126.77, subdivision 2, or for staff development plans under this section. The board must establish a staff development committee to develop the plan, ~~advise a~~ assist site decision-making ~~team about~~ teams in developing a site plan consistent with the goals of the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators. Districts shall report staff development results to the commissioner in the form and manner determined by the commissioner.

Subd. 2. [CONTENTS OF THE PLAN.] The plan must include ~~education~~ the staff development outcomes under subdivision 2a, the means to achieve the outcomes, and procedures for evaluating progress at each school site toward meeting education outcomes.

Subd. 2a. [STAFF DEVELOPMENT OUTCOMES.] ~~(a)~~ The staff development committee shall adopt a staff development plan for improving student achievement of education outcomes. The plan must be consistent with education outcomes that the school board determines. ~~The plan shall include activities that enhance staff skills for achieving the following outcomes~~ The plan shall include on-going staff development activities that contribute toward continuous improvement in achievement of the following goals:

(1) ~~foster readiness for learning for all pupils~~ improve student achievement of state and local education standards in all areas of the curriculum;

(2) ~~increase pupils' educational progress by using appropriate outcomes and personal learning goals and by encouraging pupils and their parents to assume responsibility for their education~~ effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings;

(3) ~~meet pupils' individual needs by using alternative instructional opportunities, accommodations, modifications, after-school child care programs, and family and community resources~~ provide an inclusive curriculum for a racially, ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;

(4) ~~effectively meet the needs of children with disabilities within the regular classroom and other settings by improving the knowledge of school personnel about the legal and programmatic requirements affecting students with disabilities, and by improving staff ability to collaborate, consult with one another, and resolve conflicts; and~~ improve staff ability to collaborate and consult with one another and to resolve conflicts;

(5) ~~provide equal educational opportunities for all students that are consistent with the school desegregation/integration and inclusive education policies adopted by school districts and approved by the state.~~

~~(b) The staff development committee is strongly encouraged to include in its plan activities for achieving the following outcomes:~~

~~(1) facilitate organizational changes by enabling a site-based team composed of pupils, parents, school personnel, representatives of children with disabilities, and community members who generally reflect the racial composition of the school to address the pupils' needs;~~

~~(2) evaluate the effectiveness of education policies, processes, and products through appropriate evaluation procedures that include multiple criteria and indicators;~~

~~(3) provide effective mentorship oversight and peer review of probationary, continuing contract, and nonprobationary teachers;~~

~~(4) assist elementary and secondary students in learning to resolve conflicts in effective, nonviolent ways;~~

~~(5) effectively teach and model violence prevention policy and curricula that address issues of sexual, racial, and religious harassment; and~~

~~(6) provide challenging instructional activities and experiences, including advanced placement and international baccalaureate programs, that recognize and cultivate students' advanced abilities and talents.~~ effectively teach and model violence prevention policy and curriculum that address issues of harassment and teach nonviolent alternatives for conflict resolution; and

(6) provide teachers and other members of site-based management teams with appropriate management and financial management skills.

Sec. 9. Minnesota Statutes 1994, section 128B.08, is amended to read:

128B.08 [REPORTS TO LEGISLATURE.]

Before ~~December 1~~ January 15 of each odd-numbered year, the council must submit a report to

the legislature on the school established by this chapter. The report must document the success or failure of the school.

Sec. 10. Minnesota Statutes 1994, section 128B.10, subdivision 1, is amended to read:

Subdivision 1. [EXTENSION.] This chapter is repealed July 1, ~~1995~~ 1997.

Sec. 11. Laws 1965, chapter 705, section 1, subdivision 3, is amended to read:

Subd. 3. [CONTRACTS FOR SERVICES.] The converted district ~~shall~~ may contract with the city of Saint Paul for ~~such~~ facilities ~~as are~~ furnished by the civil service bureau, and, unless the board and city governing body each adopt a resolution declaring that a particular function would be ~~most~~ more efficiently and effectively handled separately, the board shall contract on a pro rata cost basis with the city for ~~such~~ facilities and services ~~as are~~ provided by the purchasing department, comptroller, legal department, and election and other services supplied by the city, provided, however, that the board may contract for other legal services when the interests of the district and the city are in conflict in any legal matter, and provided further that the board may contract for architectural services for the planning and construction of new school buildings when funds have been made available for their construction ~~of such school buildings~~.

Sec. 12. Laws 1965, chapter 705, section 1, subdivision 4, is amended to read:

Subd. 4. As of July 1, 1965, the organization, operation, maintenance and conduct of the affairs of the converted district shall be governed by general laws relating to independent districts, except as otherwise provided in Extra Session Laws 1959, Chapter 71, as amended, and all special laws and charter provisions relating only to the converted district are repealed. Where an existing pension law is applicable to employees of the special district such law shall continue to be applicable in the same manner and to the same extent to employees of the converted district. General laws applicable to independent school districts wholly or partly within cities of the first class shall not be applicable to the converted district. The provision of the statutes applicable only to teachers retirement fund associations in cities of the first class, limiting the amount of annuity to be paid from public funds, limiting the taxes to be levied to carry out the plan of such associations, and limiting the amount of annuities to be paid to beneficiaries, all as contained in Minnesota Statutes, Section 135.24, shall not be applicable to such converted district, but the statutes applicable to such special district prior to the conversion shall continue to be applicable and the pension plan in operation prior to the conversion shall continue in operation until changed in accordance with law, and the teacher tenure law applicable to the special district shall continue to apply to the converted district in the same manner and to the same extent to teachers in the converted district; provided further, where existing civil service provisions of any law or charter are applicable to special district employees, such provision ~~shall~~ may continue to be applicable in the same manner and to the same extent to employees of the converted district, at such time as the board and city governing body each adopt a resolution declaring that civil service bureau (city human resources department) functions would be more efficiently and effectively administered separately in each jurisdiction. Notwithstanding any contrary provision of Extra Session Laws 1959, Chapter 71, as amended, if there was in the special district a teachers retirement fund association operating and existing under the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, then such teachers retirement fund association shall continue to exist and operate in the converted district under and to be subject to the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, to the same extent and in the same manner as before the conversion, and, without limiting the generality of the foregoing, such teachers retirement fund association shall continue, after the conversion as before the conversion, to certify to the same authorities the amount necessary to raise by taxation in order to carry out its retirement plan, and it shall continue, after the conversion as before the conversion, to be the duty of said authorities to include in the tax levy for the ensuing year a tax in addition to all other taxes sufficient to produce so much of the sums so certified as said authorities shall approve, and such teachers retirement fund association shall not be subject after the conversion to any limitation on payments to any beneficiary from public funds or on taxes to be levied to carry out the plan of such association to which it was not subject before the conversion.

Sec. 13. Laws 1993, chapter 224, article 12, section 39, is amended to read:

Sec. 39. [REPEALER.]

(a) Minnesota Rules, parts 3500.0500; 3500.0600, subparts 1 and 2; 3500.0605; 3500.0800; 3500.1090; 3500.1800; 3500.2950; 3500.3100, subparts 1 to 3; 3500.3500; 3500.3600; 3500.4400; 3510.2200; 3510.2300; 3510.2400; 3510.2500; 3510.2600; 3510.6200; 3520.0200; 3520.0300; 3520.0600; 3520.1000; 3520.1200; 3520.1300; 3520.1800; 3520.2700; 3520.3802; 3520.3900; 3520.4500; 3520.4620; 3520.4630; 3520.4640; 3520.4680; 3520.4750; 3520.4761; 3520.4811; 3520.4831; 3520.4910; 3520.5330; 3520.5340; 3520.5370; 3520.5461; 3525.2850; 3530.0300; 3530.0600; 3530.0700; 3530.0800; 3530.1100; 3530.1300; 3530.1400; 3530.1600; 3530.1700; 3530.1800; 3530.1900; 3530.2000; 3530.2100; 3530.2800; 3530.2900; 3530.3100, subparts 2 to 4; 3530.3200, subparts 1 to 5; 3530.3400, subparts 1, 2, and 4 to 7; 3530.3500; 3530.3600; 3530.3900; 3530.4000; 3530.4100; 3530.5500; 3530.5700; 3530.6100; 3535.0800; 3535.1000; 3535.1400; 3535.1600; 3535.1800; 3535.1900; 3535.2100; 3535.2200; 3535.2600; 3535.2900; 3535.3100; 3535.3500; 3535.9930; 3535.9940; 3535.9950; 3540.0600; 3540.0700; 3540.0800; 3540.0900; 3540.1000; 3540.1100; 3540.1200; 3540.1300; 3540.1700; 3540.1800; 3540.1900; 3540.2000; 3540.2100; 3540.2200; 3540.2300; 3540.2400; 3540.2800; 3540.2900; 3540.3000; 3540.3100; 3540.3200; 3540.3300; 3540.3400; 3545.1000; 3545.1100; 3545.1200; 3545.2300; 3545.2700; 3545.3000; 3545.3002; 3545.3004; 3545.3005; 3545.3014; 3545.3022; 3545.3024; 8700.4200; 8700.6410; 8700.6800; 8700.7100; 8700.9000; 8700.9010; 8700.9020; and 8700.9030, are repealed.

(b) Minnesota Rules, parts 3520.1600; 3520.2400; 3520.2500; 3520.2600; 3520.2800; 3520.2900; 3520.3000; 3520.3100; 3520.3200; 3520.3400; 3520.3500; 3520.3680; 3520.3701; 3520.3801; 3520.4001; 3520.4100; 3520.4201; 3520.4301; 3520.4400; 3520.4510; 3520.4531; 3520.4540; 3520.4550; 3520.4560; 3520.4570; 3520.4600; 3520.4610; 3520.4650; 3520.4670; 3520.4701; 3520.4711; 3520.4720; 3520.4731; 3520.4741; 3520.4801; 3520.4840; 3520.4850; 3520.4900; 3520.4930; 3520.4980; 3520.5000; 3520.5010; 3520.5111; 3520.5120; 3520.5141; 3520.5151; 3520.5160; 3520.5171; 3520.5180; 3520.5190; 3520.5200; 3520.5220; 3520.5230; 3520.5300; 3520.5310; 3520.5361; 3520.5380; 3520.5401; 3520.5450; 3520.5471; 3520.5481; 3520.5490; 3520.5500; 3520.5510; 3520.5520; 3520.5531; 3520.5551; 3520.5560; 3520.5570; 3520.5580; 3520.5600; 3520.5611; 3520.5700; 3520.5710; 3520.5900; 3520.5910; 3520.5920; 3530.6500; 3530.6600; 3530.6700; 3530.6800; 3530.6900; 3530.7000; 3530.7100; 3530.7200; 3530.7300; 3530.7400; 3530.7500; 3530.7600; 3530.7700; and 3530.7800, are repealed.

(c) Minnesota Rules, parts 3500.1400; 3500.3700; ~~3510.0100; 3510.0200;~~ 3510.0300; ~~3510.0400; 3510.0500; 3510.0600; 3510.0800; 3510.1100; 3510.1200; 3510.1300; 3510.1400; 3510.1500; 3510.1600; 3510.2800; 3510.2900; 3510.3000; 3510.3200; 3510.3400; 3510.3500; 3510.3600; 3510.3700; 3510.3800; 3510.7200; 3510.7300; 3510.7400; 3510.7500; 3510.7600; 3510.7700; 3510.7900; 3510.8000;~~ 3510.8100; 3510.8200; 3510.8300; 3510.8400; ~~3510.8500; 3510.8600; 3510.8700; 3510.9000; 3510.9100;~~ chapters 3515, ~~3517.0100; 3517.0120;~~ 3517.3150; 3517.3170; 3517.3420; 3517.3450; 3517.3500; 3517.3650; ~~3517.4000; 3517.4100; 3517.4200;~~ 3517.8500; 3517.8600;, and 3560, are repealed.

(d) Minnesota Rules, parts 3500.0710; 3500.1060; 3500.1075; 3500.1100; 3500.1150; 3500.1200; 3500.1500; 3500.1600; 3500.1900; 3500.2000; 3500.2020; 3500.2100; 3500.2900; 3500.5010; 3500.5020; 3500.5030; 3500.5040; 3500.5050; 3500.5060; 3500.5070; 3505.2700; 3505.2800; 3505.2900; 3505.3000; 3505.3100; 3505.3200; 3505.3300; 3505.3400; 3505.3500; 3505.3600; 3505.3700; 3505.3800; 3505.3900; 3505.4000; 3505.4100; 3505.4200; 3505.4400; 3505.4500; 3505.4600; 3505.4700; 3505.5100; 8700.2900; 8700.3000; 8700.3110; 8700.3120; 8700.3200; 8700.3300; 8700.3400; 8700.3500; 8700.3510; 8700.3600; 8700.3700; 8700.3810; 8700.3900; 8700.4000; 8700.4100; 8700.4300; 8700.4400; 8700.4500; 8700.4600; 8700.4710; 8700.4800; 8700.4901; 8700.4902; 8700.5100; 8700.5200; 8700.5300; 8700.5310; 8700.5311; 8700.5500; 8700.5501; 8700.5502; 8700.5503; 8700.5504; 8700.5505; 8700.5506; 8700.5507; 8700.5508; 8700.5509; 8700.5510; 8700.5511; 8700.5512; 8700.5800; 8700.6310; 8700.6900; 8700.7010; 8700.7700; 8700.7710; 8700.8000; 8700.8010; 8700.8020; 8700.8030; 8700.8040; 8700.8050; 8700.8060; 8700.8070; 8700.8080; 8700.8090; 8700.8110; 8700.8120; 8700.8130; 8700.8140; 8700.8150; 8700.8160; 8700.8170; 8700.8180; 8700.8190; 8750.0200; 8750.0220; 8750.0240; 8750.0260; 8750.0300; 8750.0320; 8750.0330; 8750.0350; 8750.0370; 8750.0390; 8750.0410; 8750.0430; 8750.0460; 8750.0500; 8750.0520; 8750.0600; 8750.0620; 8750.0700; 8750.0720; 8750.0740; 8750.0760; 8750.0780; 8750.0800; 8750.0820; 8750.0840; 8750.0860; 8750.0880; 8750.0890; 8750.0900; 8750.0920; 8750.1000; 8750.1100; 8750.1120; 8750.1200; 8750.1220; 8750.1240; 8750.1260; 8750.1280; 8750.1300; 8750.1320; 8750.1340; 8750.1360;

8750.1380; 8750.1400; 8750.1420; 8750.1440; 8750.1500; 8750.1520; 8750.1540; 8750.1560; 8750.1580; 8750.1600; 8750.1700; 8750.1800; 8750.1820; 8750.1840; 8750.1860; 8750.1880; 8750.1900; 8750.1920; 8750.1930; 8750.1940; 8750.1960; 8750.1980; 8750.2000; 8750.2020; 8750.2040; 8750.2060; 8750.2080; 8750.2100; 8750.2120; 8750.2140; 8750.4000; 8750.4100; 8750.4200; 8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700, are repealed.

(e) Minnesota Rules, parts 3510.0100; 3510.0200; 3510.0400; 3510.0500; 3510.0600; 3510.0800; 3510.1100; 3510.1200; 3510.1300; 3510.1400; 3510.1500; 3510.1600; 3510.2800; 3510.2900; 3510.3000; 3510.3200; 3510.3400; 3510.3500; 3510.3600; 3510.3700; 3510.3800; 3510.7200; 3510.7300; 3510.7400; 3510.7500; 3510.7600; 3510.7700; 3510.7900; 3510.8000; 3510.8500; 3510.8600; 3510.8700; 3510.9000; 3510.9100; 3517.0100; and 3517.0120, are repealed.

Sec. 14. Laws 1993, chapter 224, article 12, section 41, is amended to read:

Sec. 41. [EFFECTIVE DATE.]

Sections 22 to 25 are effective July 1, 1995.

Section 32, paragraph (b), is effective July 1, 1995. Section 32, paragraph (c), is effective August 1, 1996.

Section 39, paragraph (b), is effective August 1, 1994. Section 39, paragraph (c), is effective July 1, 1995. Section 39, paragraph (d), is effective August 1, 1996. Section 39, paragraph (e), is effective July 1, 1996.

Sec. 15. Laws 1994, chapter 647, article 7, section 15, is amended to read:

Sec. 15. [TEACHER PREPARATION CURRICULUM.]

(a) Consistent with Laws 1993, chapter 224, article 12, section 34, the state board of teaching, with the assistance of ~~organizations representing diverse cultures,~~ the state American Indian education committee, shall ~~decide whether or not to~~ include in the curriculum for preparing all beginning elementary and social studies teachers ~~a study of anthropology that encompasses a study of the indigenous people of the midwest, and a study of~~ the history ~~of the indigenous people that encompasses a study of the Minnesota area in precolonial times through the twentieth century,~~ government, and culture of Minnesota based American Indian tribes.

(b) Consistent with Laws 1993, chapter 224, article 12, section 34, the state board of teaching shall ensure that the human relations curriculum of all teacher preparation programs includes components of American Indian language, history, government, and culture.

Sec. 16. [TEACHER COMPENSATION RESTRUCTURING GRANTS.]

Subdivision 1. [GRANT APPLICATION.] A teacher compensation restructuring grant program is established. Applications for the grant must be made jointly by the board and the exclusive bargaining representative for teachers defined in section 124A.22, subdivision 2a, of a school district. The form and manner of the application shall be determined by the commissioner. A successful application must meet the objectives in subdivision 2. Applicants must agree to negotiate on educational policies and matters of inherent managerial policy, and to accept a waiver of Minnesota Statutes, sections 125.12 and 125.17. A grant must not exceed $800 per full time equivalent teacher in the bargaining unit. The commissioner must determine eligible grant recipients within the available appropriation and must inform the applicant districts by October 1, 1995. The commissioner must determine within two weeks of receiving a copy of the signed contract whether the agreement meets the terms of the application. The commissioner may require that a copy of the agreement be filed with the department prior to ratification. State aid shall be paid to the district under section 124.195, except 100 percent of the aid shall be paid in the year of the appropriation. A grantee district shall receive a six-month extension of the contract deadline in Minnesota Statutes, section 124A.22, subdivision 2a. Minnesota Statutes, sections 125.12 and 125.17, are waived for grantees under this section, to take effect upon ratification of a master agreement.

Subd. 2. [OBJECTIVES.] The following objectives must be met by successful grantees:

(1) compensation based in part on group performance;

(2) compensation that promotes collaboration;

(3) compensation based on factors that include measurement of student results;

(4) compensation commensurate with responsibilities;

(5) continued nonperformance of individual teachers should be addressed through the evaluation and remediation process during which period salary increases should not be awarded;

(6) compensation includes more than money;

(7) a compensation system should support site, district, and state organizational goals; and

(8) a compensation system must attract and retain well-qualified and prepared personnel.

Sec. 17. [RETIREMENT INCENTIVE.]

(a) For the 1995-1996 and 1996-1997 school years only, a school board may offer early retirement incentives to licensed and nonlicensed staff of the school district who are under the age of 65. The early retirement incentive that the board may offer is the employer payment of the premiums for continued health insurance coverage under paragraph (b). This incentive may only be offered to employees who agree to terminate active employment with the school district. The board must determine the staff to whom the incentive is offered. Unilateral implementation of this section by a school board is not an unfair labor practice under Minnesota Statutes, chapter 179A.

(b) The board may offer a former employee who is at least age 50 continued employer-paid individual or dependent health insurance coverage. To be eligible for employer-paid health insurance under this section, the former employee must agree not to return to work in any capacity for the district that will provide the insurance coverage or any other district, except as a substitute teacher. Coverage may not extend beyond the age of 65 or the end of the first month in which the employee is eligible for employer-paid health insurance coverage from a new employer. For purposes of this section, "employer-paid health insurance coverage" means medical, hospitalization, or health insurance coverage provided through an insurance company that is licensed to do business in the state. The amount of the payment under this section shall be as agreed between the employee and the school board.

Sec. 18. [PPST TASK FORCE.]

The board of teaching shall convene a task force to consider authentic and qualitative assessments for teachers and alternative processes by which the skills examination requirement under Minnesota Statutes, section 125.05, subdivision 1a, might be met for persons who fail the examination. The board shall present their recommendations to the education committees of the legislature by February 15, 1996.

Sec. 19. [SARTELL CAPITAL LOAN.]

Notwithstanding any law to the contrary, the board of independent school district No. 748, Sartell, may, by resolution, raise the level of indebtedness of the district by an amount equal to the outstanding capital loan on June 30, 1995. This indebtedness may only be used to refund the loan. This does not constitute an impairment of any obligations issued by the district prior to the enactment of this act.

Sec. 20. [UNRECOVERED RAILROAD AID.]

Unrecovered railroad aid payments pursuant to Laws 1984, chapter 502, article 9, section 5, shall be adjusted from the school district's aid in fiscal year 1997. If the aid reduction required by this section cannot be made to the aid for fiscal year 1997, the reduction must be made from aid for subsequent fiscal years.

Sec. 21. [FUND TRANSFERS.]

Subdivision 1. [CONDITIONS.] (a) A district that transfers revenue from a health and safety account or a disabled access account may not, at a later date, receive health and safety revenue or disabled access revenue for the same project as the project for which the transferred revenue was received. The transfer request must identify the project that generated the balance to be transferred.

(b) Disabled access revenue that is transferred according to this section is included in the district's disabled access revenue limit established in Minnesota Statutes, section 124.84, subdivision 3.

(c) Amounts transferred from the health and safety account according to this section shall be considered to be approved health and safety expenditures for the purpose of computing a district's health and safety revenue according to Minnesota Statutes, section 124.83, subdivision 3.

(d) A district that transfers funds from its bus purchase account according to this section may not certify a bus purchase levy according to Minnesota Statutes, section 124.226, subdivision 6, for the next three years following the transfer.

Subd. 2. [PELICAN RAPIDS.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 548, Pelican Rapids, may permanently transfer an amount not to exceed $200,000 from its general fund to its capital expenditure fund.

Subd. 3. [PINE RIVER-BACKUS.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No.2174, Pine River-Backus, may permanently transfer an amount not to exceed $200,000 from its general fund to its capital expenditure fund.

Subd. 4. [DETROIT LAKES.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 22, Detroit Lakes, may permanently transfer an amount not to exceed $325,000 from its general fund to its capital expenditure fund for acquiring computers and related technology needs.

Subd. 5. [ST. CLOUD.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, each year for fiscal years 1996, 1997, 1998, and 1999, independent school district No. 742, St. Cloud, may permanently transfer up to $500,000 of referendum revenue received under Minnesota Statutes, section 124A.03, from its general fund to its capital expenditure fund for purchasing technology for instructional use.

Subd. 6. [LITTLE FALLS.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, each year for fiscal years 1996 through 2005, independent school district No. 482, Little Falls, may permanently transfer up to $233 per actual pupil unit of referendum revenue received under Minnesota Statutes, section 124A.03, from its general fund to its capital expenditure fund.

Subd. 7. [MILACA.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, each year for fiscal years 1996 through 2005, independent school district No. 912, Milaca, may permanently transfer up to $200 per actual pupil unit of referendum revenue received under Minnesota Statutes, section 124A.03, from its general fund to its capital expenditure fund for technology.

Subd. 8. [RUSH CITY.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 139, Rush City, may permanently transfer up to $100,000 from its transportation fund to its capital expenditure fund.

Subd. 9. [MENTOR.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 604, Mentor, may permanently transfer up to $160,000 from the facilities account in its capital expenditure fund to its general fund.

Subd. 10. [GRANADA-HUNTLEY-EAST CHAIN.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 2536, Granada-Huntley-East Chain, may permanently transfer up to $100,000 from the facilities and equipment accounts in its capital expenditure fund to its general fund.

Subd. 11. [CHATFIELD.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 277, Chatfield, may permanently transfer up to $50,000 from the facilities account to the equipment account in its capital expenditure fund.

Subd. 12. [MEDFORD.] Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 123.36, subdivision 13, independent school district No. 763, Medford, may deposit the proceeds from a sale of approximately nine acres of land adjacent to and east of its football/baseball complex in Medford into its general fund.

Subd. 13. [EAST GRAND FORKS.] Notwithstanding Minnesota Statutes, section 124.243, subdivision 6, clause (2), in fiscal years 1995 and 1996, independent school district No. 595, East Grand Forks, may use up to $1,400,000 in capital expenditure facilities revenue to acquire and construct buildings for school purposes.

Subd. 14. [BYRON.] Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, if independent school district No. 531, Byron, discontinues operation of its bus fleet, or a portion of the fleet, and transfers the account balance from the transportation fund, the district may spread the required levy reduction for capital levies according to Minnesota Statutes, sections 124.243, 124.244 and 124:83, over a five-year period beginning with 1995 levies payable in 1996.

Subd. 15. [SWANVILLE.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 486, Swanville, may permanently transfer up to $100,000 from the bus purchase account to its general fund without making a levy reduction.

Subd. 16. [TRUMAN.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 458, Truman, may permanently transfer up to $77,000 from the bus purchase account in its transportation fund to its general fund without making a levy reduction.

Subd. 17. [MONTEVIDEO.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 129, Montevideo, may permanently transfer up to $100,000 from the bus purchase account in its transportation fund to its general fund without making a levy reduction.

Subd. 18. [EDINA.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 273, Edina, may permanently transfer up to $482,432 from the bus purchase account to the undesignated fund balance account in its transportation fund.

Subd. 19. [GARY.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, independent school district No. 523, Gary, may permanently transfer the balance in its bonded indebtedness fund and the disabled access account in its capital expenditure fund to the general fund of the successor school district of independent school district Nos. 526, Twin Valley, and 523, Gary.

Subd. 20. [TWIN VALLEY.] Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, 124.243, subdivision 8, independent school district No. 526, Twin Valley, may permanently transfer the balances in its health and safety account and its disabled access account in the capital expenditure fund to the general fund of the successor school district of independent school district Nos. 526, Twin Valley, and 523, Gary.

Subd. 21. [FISHER.] Notwithstanding Minnesota Statutes, section 124.83, subdivision 6, or 124.84, independent school district No. 600, Fisher, may use capital expenditure health and safety revenue or disabled access revenue, or both, to purchase portable classrooms. Any proceeds from the sale of portable classrooms purchased with the revenue shall be placed in the appropriate account in the capital expenditure fund and used to adjust revenue in that account.

Subd. 22. [NEW PRAGUE.] Notwithstanding Minnesota Statutes, section 121.912, on June 30, 1995, independent school district No. 721, New Prague, may permanently transfer up to $70,000 from its general fund to its capital expenditure fund.

Subd. 23. [GLENCOE.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 422, Glencoe, may permanently transfer up to $125,000 from its debt redemption fund to its capital expenditure fund without making a levy reduction.

Subd. 24. [PIPESTONE.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 583, Pipestone, may permanently transfer up to $190,000 from its debt redemption fund to its capital expenditure fund without making a levy reduction.

Subd. 25. [HERMAN-NORCROSS.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 264, Herman-Norcross, may permanently transfer up to $73,000 from the bus purchase account to the general fund without making a levy reduction.

Sec. 22. [GOODRIDGE HEALTH AND SAFETY REVENUE USE.]

Notwithstanding Minnesota Statutes, section 124.83, subdivision 6, independent school district No. 561, Goodridge, may use capital health and safety revenue to purchase portable classrooms. Any proceeds from the subsequent sale of portable classrooms purchased with health and safety revenue shall be placed in the district's health and safety account in the capital fund and shall be used to adjust health and safety revenue.

Sec. 23. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums in this section are appropriated, unless otherwise indicated, from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 124.214:

$24,241,000	.....	1996
$ 7,905,000	.....	1997

The 1996 appropriation includes $1,135,000 for 1995 and $23,106,000 for 1996.

The 1997 appropriation includes $4,077,000 for 1996 and $3,828,000 for 1997.

Subd. 3. [INTEGRATION GRANTS.] (a) For grants to districts implementing desegregation plans mandated by the state board:

$18,844,000	.....	1996

(b) $1,385,000 must be allocated to independent school district No. 709, Duluth; $9,368,300 must be allocated to special school district No. 1, Minneapolis; and $8,090,700 must be allocated to independent school district No. 625, St. Paul. As a condition of receiving a grant, each district must continue to report its costs according to the uniform financial accounting and reporting system. As a further condition of receiving a grant, each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made for integration using the grant money including achievement results. These grants may be used to transport students attending a nonresident district under Minnesota Statutes, section 120.062, to the border of the resident district. A district may allocate a part of the grant to the transportation fund for this purpose.

Subd. 4. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123.79 and 123.931 to 123.947:

$ 9,686,000	.....	1996
$22,043,000	.....	1997

The 1996 appropriation includes $1,452,000 for 1995 and $8,234,000 for 1996.

The 1997 appropriation includes $1,452,000 for 1996 and $20,591,000 for 1997. $13,809,000 of the 1997 appropriation is 85 percent of the entitlement for transportation under Minnesota Statutes, section 123.79.

Subd. 5. [SCHOOL LUNCH AND FOOD STORAGE AID.] (a) For school lunch aid according to Minnesota Statutes, section 124.646, and Code of Federal Regulations, title 7, section 210.17, and for food storage and transportation costs for United States Department of Agriculture donated commodities; and for a temporary transfer to the commodity processing revolving fund to provide cash flow to permit schools and other recipients of donated commodities to take advantage of volume processing rates and for school milk aid according to Minnesota Statutes, section 124.648:

$7,108,000	.....	1996
$7,108,000	.....	1997

(b) Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

(c) If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

(d) Any temporary transfer processed in accordance with this subdivision to the commodity processing fund will be returned by June 30 in each year so that school lunch aid and food storage costs can be fully paid as scheduled.

(e) Not more than $800,000 of the amount appropriated each year may be used for school milk aid.

Subd. 6. [SUMMER FOOD SERVICE.] For summer food service:

$15,000	.....	1996
$15,000	.....	1997

Subd. 7. [SCHOOL BREAKFAST.] To operate the school breakfast program:

$419,000	.....	1996
$456,000	.....	1997

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student breakfast shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year. Any unexpected balance remaining shall be used to subsidize the payments made for school lunch aid per Minnesota Statutes, section 124.646.

Up to one percent of the program funding can be used by the department of education for technical and administrative assistance.

Subd. 8. [MAGNET SCHOOL GRANTS.] For magnet school and program grants:

$1,500,000	.....	1996
$1,500,000	.....	1997

These amounts must be used for planning and developing magnet schools and magnet programs.

Subd. 9. [TEACHER EDUCATION IMPROVEMENT.] For board of teaching responsibilities relating to teacher licensure restructuring and implementation of the teaching residency program:

$640,000	.....	1996
$640,000	.....	1997

The department must transmit this appropriation to the board of teaching. Any balance in the first year does not cancel but is available in the second year.

The board of teaching shall use the funds for further development of the results-oriented teacher licensure system, for pilot site grants and other methods of implementing the teacher residency program, and for programs relating to teacher mentoring.

Up to $76,000 in 1996 and $72,000 in 1997 are for costs related to the development of an alternative preprofessional skill test.

Subd. 10. [TEACHER COMPENSATION RESTRUCTURING GRANTS.] For teacher compensation restructuring grants:

$1,200,000 1996

Any balance in the first year does not cancel and is available until June 30, 1997.

Subd. 11. [MINORITY TEACHER INCENTIVES.] For minority teacher incentives according to Minnesota Statutes, section 124.278:

$300,000 1996

$300,000 1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 12. [TEACHERS OF COLOR PROGRAM.] For grants to school districts for the teachers of color program:

$400,000 1996

$400,000 1997

Of this appropriation, at least $100,000 each fiscal year shall be for educating people of color to be early childhood and parent educators. Any balance in the first year does not cancel but is available in the second year. The department shall give priority to districts that have previously received funding under this program.

Subd. 13. [CAREER TEACHER AID.] For career teacher aid according to Minnesota Statutes, section 124.276:

$125,000 1996

$125,000 1997

Any balance in the first year does not cancel but is available in the second year.

Notwithstanding Minnesota Statutes, section 124.276, subdivision 2, the aid may be used for the increased district contribution to the teachers' retirement association and to FICA resulting from the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Subd. 14. [MN ENABL; MALE RESPONSIBILITY.] For MN ENABL and male responsibility grants:

$625,000 1996

$625,000 1997

$225,000 each year is for the Minnesota education now and babies later program. $400,000 each year is for male responsibility and fathering grants.

The commissioner of education may enter into cooperative agreements with the commissioner of human services to access federal money for child support and paternity education programs.

Subd. 15. [MONTEVIDEO GRANT.] For a grant to independent school district No. 129, Montevideo, for the unreimbursed costs of an adult farm management program:

$100,000 1996

Subd. 16. [ITV GRANT; FLOODWOOD.] For a grant to independent school district No. 698, Floodwood:

$125,000 1996

This appropriation is available until June 30, 1997.

The grant must be used to construct an interactive television transmission line and an electronic data access line. This appropriation is only available to the extent it is matched by the district with local and nonlocal sources. School district No. 698, Floodwood, is not eligible for a minimum connection grant under Minnesota Statutes, section 124C.74.

Subd. 17. [ITV GRANT; CROMWELL.] For a grant to independent school district No. 95, Cromwell:

$125,000 1996

This appropriation is available until June 30, 1997.

The grant must be used to construct an interactive television transmission line and an electronic data access line. This appropriation is only available to the extent it is matched by the district with local and nonlocal sources. School district No. 95, Cromwell, is not eligible for a minimum connection grant under Minnesota Statutes, section 124C.74. The appropriation and levy authorized in this subdivision are reduced by any amounts received according to Laws 1994, chapter 647, article 6, section 41, subdivision 8. School district No. 95, Cromwell, is not eligible for a minimum connection grant under Minnesota Statutes, section 124C.74.

Subd. 18. [NETT LAKE.] For grants to independent school district No. 707, Nett Lake:

$62,000 1996

$62,000 1997

$32,000 in 1996 and $32,000 in 1997 are for grants to independent school district No. 707, Nett Lake, to pay insurance premiums under Minnesota Statutes, section 466.06.

$30,000 in 1996 and $30,000 in 1997 are for grants to independent school district No. 707, Nett Lake, for the payment of obligations of the school district for unemployment compensation. The appropriation must be paid to the appropriate state agency for such purposes in the name of the school district.

Subd. 19. [ONE ROOM SCHOOLHOUSE.] For a grant to independent school district No. 690, Warroad, to operate the Angle Inlet School:

$40,000 1996

$25,000 1997

Subd. 20. [PRESTON-FOUNTAIN; HARMONY DISTRICT.] For a grant to the new school district comprised of independent school district No. 233, Preston-Fountain, and independent school district No. 228, Harmony:

$70,000 1996

This grant must be placed in the district's debt redemption fund. The department must reduce the new district debt service levy by this amount.

Subd. 21. [SITE GRANTS.] For grants to school districts for mentorship cooperative ventures between school districts and post-secondary preparation institutions for alternative licensure programs according to Minnesota Statutes, section 125.188:

$50,000 1996

$50,000 1997

The department must transmit this appropriation to the board of teaching. Any balance in the first year does not cancel but is available in the second year.

Subd. 22. [FELLOWSHIP GRANTS.] (a) For fellowship grants to highly qualified minorities seeking alternative preparation for licensure:

$150,000	.....	1996
$150,000	.....	1997

The department must transmit this appropriation to the board of teaching.

(b) A grant must not exceed $5,000 with one-half paid each year for two years. Grants must be awarded on a competitive basis by the board. Grant recipients must agree to remain as teachers in the district for two years if they satisfactorily complete the alternative preparation program and if their contracts as probationary teachers are renewed.

Subd. 23. [EDUCATIONAL PERFORMANCE IMPROVEMENT GRANTS.] For additional grants under Laws 1994, chapter 647, article 7, section 18:

$800,000	.....	1996
$800,000	.....	1997

Subd. 24. [AQUILA COMMUNITY TOGETHER PROJECT.] For a grant to independent school district No. 283, St. Louis Park, for the Aquila community together project:

$50,000	.....	1996

This appropriation must be matched from nonstate sources.

Subd. 25. [NEW MOON GIRLS PROGRAM.] For a grant to an organization for girls to develop a curriculum to educate school-aged children in Minnesota on the role of women and children around the world:

$20,000	.....	1996

The commissioner of education shall consult with the legislative commission on the economic status of women in awarding the grant. The curriculum will be used to provide instruction on the purpose and experience of the fourth united nations conference on women in Beijing, China, and will be designed to explore educational opportunities, family structures, customs, and health and safety issues for children around the world. This appropriation is available until June 30, 1997.

Sec. 24. [REPEALER.]

Minnesota Statutes 1994, section 124.912, subdivision 8, is repealed effective for revenue for fiscal year 1997.

Laws 1992, chapter 499, article 7, section 27, is repealed.

Minnesota Statutes 1994, sections 125.05, subdivision 7; and 125.231, subdivision 2, are repealed.

Sec. 25. [EFFECTIVE DATES.]

Sections 19, 21, and 22 are effective the day following final enactment.

Section 11 is effective July 1, 1997, if the governing body of the city of Saint Paul and the governing body of independent school district No. 625 have approved it and complied with Minnesota Statutes, section 645.021, subdivision 3, before January 1, 1996. Section 12 does not abrogate language in bargaining unit agreements in existence on March 31, 1995, that references city of St. Paul civil service rules.

ARTICLE 9

MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 13.43, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] (a) Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public: name; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and training background; previous work experience; date of first and last employment; the existence and status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body; the terms of any agreement settling any dispute arising out of ~~the~~ an employment relationship or of a buyout agreement, as defined in section 123.34, subdivision 9a, paragraph (a); work location; a work telephone number; badge number; honors and awards received; payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data; and city and county of residence.

(b) For purposes of this subdivision, a final disposition occurs when the state agency, statewide system, or political subdivision makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the state agency, statewide system, political subdivision, or arbitrator.

(c) The state agency, statewide system, or political subdivision may display a photograph of a current or former employee to a prospective witness as part of the state agency's, statewide system's, or political subdivision's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a state agency, statewide system, or political subdivision in connection with a complaint or charge against an employee.

Sec. 2. Minnesota Statutes 1994, section 120.064, is amended to read:

120.064 [~~OUTCOME-BASED~~ RESULTS-ORIENTED CHARTER SCHOOLS.]

Subdivision 1. [PURPOSES.] (a) The purpose of this section is to:

(1) improve pupil learning;

(2) increase learning opportunities for pupils;

(3) encourage the use of different and innovative teaching methods;

(4) require the measurement of learning outcomes and create different and innovative forms of measuring outcomes;

(5) establish new forms of accountability for schools; or

(6) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that otherwise would be closed. Applicants in these circumstances bear the burden of proving that conversion to ~~an outcome-based~~ a charter school fulfills a purpose specified in this subdivision, independent of the school's closing.

Subd. 2. [APPLICABILITY.] This section applies only to ~~outcome-based~~ charter schools formed and operated under this section.

Subd. 3. [SPONSOR.] A school board, community college, state university, technical college, or the University of Minnesota may sponsor one or more ~~outcome-based~~ charter schools.

~~A school board may authorize a maximum of five outcome-based schools.~~

No more than a total of ~~35 outcome-based~~ 40 charter schools may be authorized. The state board of education shall advise potential sponsors when the maximum number of ~~outcome-based~~ charter schools has been authorized.

Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may authorize one or more licensed teachers under section 125.05, subdivision 1, to operate ~~an outcome-based~~ a charter school subject to approval by the state board of education. If a school board elects not to sponsor ~~an outcome-based~~ a charter school, the applicant may appeal the school board's decision to the state board of education if two members of the school board voted to sponsor the school. If the state board authorizes the school, the state board shall sponsor the school according to this section. The school shall be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the state board of education stating its intent to authorize ~~an outcome-based~~ a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize ~~an outcome-based~~ a charter school. The state board must approve or disapprove the sponsor's proposed authorization within ~~30~~ 60 days of receipt of the affidavit. Failure to obtain state board approval precludes a sponsor from authorizing the ~~outcome-based~~ charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school shall hold an election for members of the school's board of directors in a timely manner after the school is operating. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors. A provisional board may operate before the election of the school's board of directors. Board of director meetings must comply with section 471.705.

(d) The granting or renewal of a charter by a sponsoring entity shall not be conditioned upon the bargaining unit status of the employees of the school.

Subd. 4a. [CONVERSION OF EXISTING SCHOOLS.] A school board may convert one or more of its existing schools to ~~outcome-based~~ charter schools under this section if 90 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

Subd. 5. [CONTRACT.] The sponsor's authorization for ~~an outcome-based~~ a charter school shall be in the form of a written contract signed by the sponsor and the board of directors of the ~~outcome-based~~ charter school. The contract for ~~an outcome-based~~ a charter school shall be in writing and contain at least the following:

(1) a description of a program that carries out one or more of the purposes in subdivision 1;

(2) specific outcomes pupils are to achieve under subdivision 10;

(3) admission policies and procedures;

(4) management and administration of the school;

(5) requirements and procedures for program and financial audits;

(6) how the school will comply with subdivisions 8, 13, 15, and 21;

(7) assumption of liability by the ~~outcome-based~~ charter school;

(8) types and amounts of insurance coverage to be obtained by the ~~outcome-based~~ charter school; and

(9) the term of the contract, which may be up to three years.

Subd. 7. [PUBLIC STATUS; EXEMPTION FROM STATUTES AND RULES.] A charter school is a public school and is part of the state's system of public education. Except as provided in this section, ~~an outcome-based~~ a charter school is exempt from all statutes and rules applicable to a school, a school board, or a school district, although it may elect to comply with one or more provisions of statutes or rules.

Subd. 8. [REQUIREMENTS.] (a) ~~An outcome-based~~ A charter school shall meet all applicable state and local health and safety requirements.

(b) The school must be located in the sponsoring district, unless another school board agrees to locate ~~an outcome-based~~ a charter school sponsored by another district in its boundaries. If a school board denies a request to locate within its boundaries ~~an outcome-based~~ a charter school sponsored by another district, the sponsoring district may appeal to the state board of education. If the state board authorizes the school, the state board shall sponsor the school.

(c) ~~The~~ A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize ~~an outcome-based~~ a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools shall not be used as a method of providing education or generating revenue for students who are being home schooled.

(e) The primary focus of ~~the~~ a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

~~(e) The~~ (f) A charter school may not charge tuition.

~~(f) The~~ (g) A charter school is subject to and shall comply with chapter 363 and section 126.21.

~~(g) The~~ (h) A charter school is subject to and shall comply with the pupil fair dismissal act, sections 127.26 to 127.39, and the Minnesota public school fee law, sections 120.71 to 120.76.

~~(h) The~~ (i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a school district. The audit must be consistent with the requirements of sections 121.904 to 121.917, except to the extent deviations are necessary because of the program at the school. The department of education, state auditor, or legislative auditor may conduct financial, program, or compliance audits.

~~(i) The~~ (j) A charter school is a school district for the purposes of tort liability under chapter 466.

Subd. 9. [ADMISSION REQUIREMENTS.] ~~The~~ A charter school may limit admission to:

(1) pupils within an age group or grade level;

(2) people who are eligible to participate in the high school graduation incentives program under section 126.22; or

(3) residents of a specific geographic area where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area.

~~The~~ A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils shall be accepted by lot.

~~The~~ A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Subd. 10. [PUPIL PERFORMANCE.] ~~An outcome-based~~ A charter school must design its programs to at least meet the outcomes adopted by the state board of education. In the absence of state board requirements, the school must meet the outcomes contained in the contract with the sponsor. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the state board.

Subd. 11. [EMPLOYMENT AND OTHER OPERATING MATTERS.] ~~The~~ A charter school shall employ or contract with necessary teachers, as defined by section 125.03, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

Subd. 12. [PUPILS WITH A DISABILITY.] ~~The~~ A charter school must comply with sections 120.03 and 120.17 and rules relating to the education of pupils with a disability as though it were a school district.

Subd. 13. [LENGTH OF SCHOOL YEAR.] ~~An outcome-based~~ A charter school shall provide instruction each year for at least the number of days required by section 120.101, subdivision 5. It may provide instruction throughout the year according to sections 120.59 to 120.67 or 121.585.

Subd. 14. [REPORTS.] ~~An outcome-based~~ A charter school must report at least annually to its sponsor and the state board of education the information required by the sponsor or the state board. The reports are public data under chapter 13.

Subd. 15. [TRANSPORTATION.] (a) By July 1 of each year, a charter school shall notify the district in which the school is located and the department of education if it will provide transportation for pupils enrolled at the school for the fiscal year.

(b) If a charter school elects to provide transportation for pupils, the transportation shall be provided by the charter school within the district in which the charter school is located. The state shall pay transportation aid to the charter school according to section 124.248, subdivision 1a.

For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation between the pupil's residence and the border of the district in which the charter school is located. A parent may be reimbursed by the charter school for costs of transportation from the pupil's residence to the border of the district in which the charter school is located if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

At the time a pupil enrolls in a charter school, the charter school shall provide the parent or guardian with information regarding the transportation.

(c) If a charter school does not elect to provide transportation, transportation for pupils enrolled at ~~a~~ the school shall be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in the same district in which the ~~outcome-based~~ charter school is located. Transportation may be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in a different district.

Subd. 16. [LEASED SPACE.] ~~The~~ A charter school may lease space from a board eligible to be a sponsor or other public or private nonprofit nonsectarian organization. If a charter school is unable to lease appropriate space from an eligible board or other public or private nonprofit nonsectarian organization, the school may lease space from another nonsectarian organization if the department of education, in consultation with the department of administration, approves the

lease. If the school is unable to lease appropriate space from public or private nonsectarian organizations, the school may lease space from a sectarian organization if the leased space is constructed as a school facility and the department of education, in consultation with the department of administration, approves the lease.

Subd. 17. [INITIAL COSTS.] A sponsor may authorize a charter school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. A sponsor may not authorize a school before the state board of education has approved the authorization.

Subd. 18. [DISSEMINATE INFORMATION.] The sponsor, the operators, and the department of education must disseminate information to the public on how to form and operate ~~an outcome-based~~ a charter school and how to utilize the offerings of ~~an outcome-based~~ a charter school. Particular groups to be targeted include low-income families and communities, and students of color.

Subd. 19. [LEAVE TO TEACH IN A CHARTER SCHOOL.] If a teacher employed by a school district makes a written request for an extended leave of absence to teach at ~~an outcome-based~~ a charter school, the school district must grant the leave. The school district must grant a leave for any number of years requested by the teacher, and must extend the leave at the teacher's request. The school district may require that the request for a leave or extension of leave be made up to 90 days before the teacher would otherwise have to report for duty. Except as otherwise provided in this subdivision and except for section 125.60, subdivision 6a, the leave is governed by section 125.60, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

During a leave, the teacher may continue to aggregate benefits and credits in the teachers' retirement association account by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision.

Subd. 20. [COLLECTIVE BARGAINING.] Employees of the board of directors of ~~the~~ a charter school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of ~~the~~ a charter school is a public employer, for the purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bargaining units at the school ~~are~~ shall be separate from any other units within the sponsoring district, except that bargaining units may remain part of the appropriate unit within the sponsoring district, if the employees of the school, the board of directors of the school, the exclusive representative of the appropriate unit in the sponsoring district, and the board of the sponsoring district agree to include the employees in the appropriate unit of the sponsoring district.

Subd. 20a. [TEACHERS RETIREMENT.] Teachers in a charter school shall be public school teachers for the purposes of chapters 354 and 354a.

Subd. 21. [CAUSES FOR NONRENEWAL OR TERMINATION.] (a) The duration of the contract with a sponsor shall be for the term contained in the contract according to subdivision 5. The sponsor may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local school board, the school's board of directors may appeal the sponsor's decision to the state board of education.

(b) A contract may be terminated or not renewed upon any of the following grounds:

(1) failure to meet the requirements for pupil performance contained in the contract;

(2) failure to meet generally accepted standards of fiscal management;

(3) for violations of law; or

(4) other good cause shown.

If a contract is terminated or not renewed, the school shall be dissolved according to the applicable provisions of chapter 308A or 317A.

Subd. 22. [PUPIL ENROLLMENT.] If a contract is not renewed or is terminated according to subdivision 21, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 120.062 at any time. Applications and notices required by section 120.062 shall be processed and provided in a prompt manner. The application and notice deadlines in section 120.062 do not apply under these circumstances.

Subd. 23. [GENERAL AUTHORITY.] The board of directors of ~~an outcome based~~ a charter school may sue and be sued. The board may not levy taxes or issue bonds.

Subd. 24. [IMMUNITY.] The state board of education, members of the state board, a sponsor, members of the board of a sponsor in their official capacity, and employees of a sponsor are immune from civil or criminal liability with respect to all activities related to ~~an outcome based~~ a charter school they approve or sponsor. The board of directors shall obtain at least the amount of and types of insurance required by the contract, according to subdivision 5.

Sec. 3. Minnesota Statutes 1994, section 120.101, is amended by adding a subdivision to read:

Subd. 5a. [CHILDREN UNDER SEVEN.] Once a pupil under the age of seven is enrolled in kindergarten or a higher grade in a public school, the pupil is subject to the compulsory attendance provisions of this chapter and section 127.20, unless the school board of the district in which the pupil is enrolled has a policy that exempts children under seven from this subdivision.

In a school district in which children under seven are subject to compulsory attendance under this subdivision, paragraphs (a) to (c) apply.

(a) A parent or guardian may withdraw the pupil from enrollment in the school for good cause by notifying the school district. Good cause includes, but is not limited to, enrollment of the pupil in another school, as defined in subdivision 4, or the immaturity of the child.

(b) When the pupil enrolls, the enrolling official must provide the parent or guardian who enrolls the pupil with a written explanation of the provisions of this subdivision.

(c) A pupil under the age of seven who is withdrawn from enrollment in the public school under paragraph (a) is no longer subject to the compulsory attendance provisions of this chapter.

In a school district that had adopted a policy to exempt children under seven from this subdivision, the school district's chief attendance officer must keep the truancy enforcement authorities supplied with a copy of the school board's current policy certified by the clerk of the school board.

Sec. 4. Minnesota Statutes 1994, section 120.101, subdivision 5c, is amended to read:

Subd. 5c. [EDUCATION RECORDS.] A school district from which a student is transferring must transmit the student's educational records, within ten business days of ~~the date the student withdraws~~ a request, to the school district in which the student is enrolling. School districts must make reasonable efforts to determine the school district in which a transferring student is next enrolling in order to comply with this subdivision.

Sec. 5. Minnesota Statutes 1994, section 120.74, subdivision 1, is amended to read:

Subdivision 1. (a) A school board is not authorized to charge fees in the following areas:

~~(a)~~ (1) textbooks, workbooks, art materials, laboratory supplies, towels;

~~(b)~~ (2) supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;

~~(c)~~ (3) field trips which are required as a part of a basic education program or course;

~~(d)~~ (4) graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;

~~(e)~~ (5) instructional costs for necessary school personnel employed in any course or educational program required for graduation;

~~(f)~~ (6) library books required to be utilized for any educational course or program;

~~(g)~~ (7) admission fees, dues, or fees for any activity the pupil is required to attend;

~~(h)~~ (8) any admission or examination cost for any required educational course or program;

~~(i)~~ (9) locker rentals;

~~(j)~~ (10) transportation of pupils ~~(1)~~ (i) for which state transportation aid is authorized pursuant to section 124.223 or ~~(2)~~ (ii) for which a levy is authorized under section 124.226, subdivision 5.

(b) Notwithstanding paragraph (a), clauses (1) and (6), a school board may charge fees for textbooks, workbooks, and library books, lost or destroyed by students. The board must annually notify parents or guardians and students about its policy to charge a fee under this paragraph.

Sec. 6. Minnesota Statutes 1994, section 120.75, subdivision 1, is amended to read:

Subdivision 1. Prior to the initiation of any fee not authorized or prohibited by sections 120.73 and 120.74, the local school board shall hold a public hearing within the district upon three weeks published notice in the district's official newspaper. ~~The local school board shall notify the commissioner of any fee it proposes to initiate under this section. If within 45 days of this notification, the commissioner does not disapprove the proposed fee, the local school board may initiate the proposed fee,~~ or such notice as is otherwise required for a regular school board meeting given three weeks prior to the hearing on the proposed adoption of the policy.

Sec. 7. Minnesota Statutes 1994, section 121.207, subdivision 2, is amended to read:

Subd. 2. [REPORTS; CONTENT.] On or before January 1, 1994, the commissioner of education, in consultation with the criminal and juvenile information policy group, shall develop a standardized form to be used by schools to report incidents involving the use or possession of a dangerous weapon in school zones. The form shall include the following information:

(1) a description of each incident, including a description of the dangerous weapon involved in the incident;

(2) where, at what time, and under what circumstances the incident occurred;

(3) information about the offender, other than the offender's name, including the offender's age; whether the offender was a student and, if so, where the offender attended school; and whether the offender was under school expulsion or suspension at the time of the incident;

(4) information about the victim other than the victim's name, if any, including the victim's age; whether the victim was a student and, if so, where the victim attended school; and if the victim was not a student, whether the victim was employed at the school;

(5) the cost of the incident to the school and to the victim; and

(6) the action taken by the school administration to respond to the incident.

The commissioner also shall develop an alternative reporting format that allows school districts to provide aggregate data, with an option to use computer technology to report the data.

Sec. 8. Minnesota Statutes 1994, section 121.207, subdivision 3, is amended to read:

Subd. 3. [REPORTS; FILING REQUIREMENTS.] By February 1 and July 1 of each year, each school shall report incidents involving the use or possession of a dangerous weapon in school zones to the commissioner of education. The reports shall be made on the standardized forms or using the alternative format developed by the commissioner under subdivision 2. The commissioner shall compile the information it receives from the schools and report it annually to the commissioner of public safety, the criminal and juvenile information policy group, and the legislature.

Sec. 9. Minnesota Statutes 1994, section 121.931, is amended to read:

121.931 [~~STATE BOARD POWERS AND DUTIES~~ INFORMATION SYSTEM.]

Subdivision 1. [~~COMPONENTS; GOVERNANCE~~ INFORMATION SYSTEM.] The ~~statewide elementary, secondary and vocational education management~~ department of education shall develop and maintain a computerized information system ~~shall consist of the ESV IS and the SDE IS and shall be governed by the state board according to the provisions of sections 121.93 to 121.936~~ for state information needs.

Subd. 2. [PURPOSES.] The purposes of the ~~statewide elementary, secondary and vocational education management~~ computerized information system shall be:

(a) To provide comparable and accurate educational information in a manner which is timely and economical;

(b) To ~~provide a computerized research capability for analysis of education information~~ ensure accountability for state appropriations;

(c) To collect data to assess the needs of learners and children;

(d) To provide school districts with an educational information system capability which will meet school district management needs; and

~~(d)~~ (e) To provide ~~a capability for the collection and processing~~ for computerized analysis of educational information ~~in order~~ to meet the management needs of the state of Minnesota.

~~Subd. 3. [SYSTEMS ARCHITECTURE PLAN.] The state board, with the advice and assistance of the ESV computer council, shall develop a systems architecture plan for providing administrative data processing to school districts, the department of education, and the legislature. In developing the plan, the state board shall consider at least the following: user needs; systems design factors; telecommunication requirements; computer hardware technology; and alternative hardware purchase and lease arrangements.~~

~~Subd. 4. [LONG RANGE PLAN.] The state board, with the advice and assistance of the ESV computer council and the information policy office, shall develop a long-range plan for providing administrative data processing to school districts, the department of education, and the legislature. In developing the plan, the state board shall consider at least the following: desirable major enhancements to the ESV IS and SDE IS; new system development proposals; new or modified approaches to provide support services to districts; the responsibility of regional management information centers to provide reports to the department on behalf of affiliated districts; and related development and implementation time schedules. The long range plan shall address the feasibility and practicability of utilizing microcomputers, minicomputers, and larger computer systems. The plan shall be updated by September 15 of each even-numbered year. The long range plan shall consist of one document and shall incorporate the systems architecture plan and all relevant portions of previous documents which have been referred to as the state computing plan.~~

Subd. 5. [SOFTWARE DEVELOPMENT.] ~~The commissioner shall provide for the development of applications software for ESV IS and SDE IS.~~ The commissioner may charge school districts or cooperative units for the actual cost of software development used by the district or cooperative unit. Any amount received is annually appropriated to the department of education for this purpose. A school district or cooperative unit may not implement a payroll, student, or staff software system after June 30, 1994, until the system has been reviewed by the department to ensure that it provides the required data elements and format.

Sec. 10. Minnesota Statutes 1994, section 121.932, is amended to read:

121.932 [DEPARTMENT DUTIES.]

Subd. 2. [DATA ACQUISITION CALENDAR.] The department of education shall maintain a current annual data acquisition calendar specifying the reports which districts are required to provide to the department~~, the reports which regional management information centers are required to provide to the department for their affiliated districts~~, and the dates these reports are due.

Subd. 3. [EXEMPTION FROM CHAPTER 14.] The annual data acquisition calendar and the essential data elements are exempt from the administrative procedure act ~~but, to the extent authorized by law to adopt rules, the board may use the provisions of section 14.38, subdivisions 5 to 9~~.

Subd. 4. [SDE-IS.] The department shall develop and operate ~~the SDE-IS with the advice and assistance of the ESV computer council~~ a computerized data system. The ~~SDE-IS~~ system shall include: (a) information required by federal or state law or rule; and (b) information needed by the divisions of the department in order to disburse funds, to implement research or special projects approved by the commissioner, and to meet goals or provide information required by the state board, the governor, the legislature or the federal government. ~~The department shall consult the advisory council on uniform financial accounting and reporting standards, the advisory task forces on student reporting and payroll/personnel reporting, and representatives of the senate and the house of representatives and of each division of the department, about needs for information from SDE-IS.~~

Subd. 4a. [CERTIFICATION OF SOFTWARE VENDORS.] The commissioner shall maintain a list of certified service providers for administrative data processing software and support. To be certified, a service provider must provide the commissioner with a written statement identifying software products and support functions that will be provided to school districts and stating its intent to meet state standards for software, data elements, edits, and support services. The standards must ensure the quality of the data reported to the state. The commissioner must conduct regular training sessions for service providers on the standards. If a service provider fails to meet the standards, the commissioner must notify the service provider of areas of noncompliance and assist the service provider in correcting the problem. If the provider fails to comply with standards within two months of being notified of noncompliance, the commissioner may remove the service provider from the list of certified providers. The commissioner may recertify a service provider when the commissioner determines that the areas of noncompliance have been corrected.

Subd. 4b. [INFORMATION ON CERTIFIED SERVICE PROVIDERS.] The commissioner must include the list of certified service providers in the annual data acquisition calendar. The commissioner must notify school districts if a service provider is removed from the list and of the areas of noncompliance.

Subd. 5. [ESSENTIAL DATA.] The department shall maintain a list of essential data elements which must be recorded and stored about each pupil, licensed and nonlicensed staff member, and educational program. Each school district ~~shall send~~ must provide the essential data to the ~~ESV regional computer center to which it belongs, where it shall be edited and transmitted to the~~ department in the form and format prescribed by the department.

Subd. 6. [CONTRACTING.] The department may provide by contract for the technical support of and the development of applications software by a regional management information center or by any other appropriate provider.

Sec. 11. Minnesota Statutes 1994, section 121.933, subdivision 1, is amended to read:

Subdivision 1. [PERMITTED DELEGATIONS.] The ~~state board of technical colleges, the state board of education, and the~~ department may provide, by the delegation of powers and duties or by contract, for the implementation and technical support of ~~ESV IS and SDE-IS~~ a computerized information reporting system, including the development of applications software pursuant to section 121.931, subdivision 5, by ~~a regional management information center or by~~ any ~~other~~ appropriate provider.

Sec. 12. Minnesota Statutes 1994, section 121.935, is amended to read:

121.935 [REGIONAL MANAGEMENT INFORMATION CENTERS.]

Subdivision 1. [CREATION.] Any group of two or more independent, special or common school districts may ~~with the approval of the state board pursuant to sections 121.931 and 121.936~~ create a regional management information center pursuant to section 123.58 or 471.59 to provide computer services to school districts. ~~A regional management information center shall not come into existence until the first July 1 after its creation is approved by the state board or until it can be accommodated by state appropriations, whichever occurs first. Each member of the board of a center created after June 30, 1991, shall be a current member of a member school board.~~

Subd. 1a. [CENTER FOR DISTRICTS WITH ALTERNATIVE SYSTEMS.] Districts that operate alternative systems approved by the state board according to section 121.936 may create one regional management information center under section 471.59. The center shall have all of the powers authorized under section 471.59. ~~Only districts that operate approved alternative systems may be members of the center. Upon receiving the approval of the state board to operate an alternative system, a district may become a member of the center.~~

~~Each member of the center board shall be a current member of a member school board.~~

The center board may purchase or lease equipment. It may not employ any staff but may enter into a term contract for services. A person providing services according to a contract with the center board is not a state employee.

~~The center shall perform the duties required by subdivision 2, except clauses (c), (d), and (g).~~ The department shall provide the center all services that are provided to regional centers formed under subdivision 1, including transferring software and providing accounting assistance.

~~Subd. 2. [DUTIES.] Every regional management information center shall:~~

~~(a) assist its affiliated districts in complying with the reporting requirements of the annual data acquisition calendar and the rules of the state board of education;~~

~~(b) respond within 15 calendar days to requests from the department for district information provided to the region for state reporting of information, based on the data elements in the data element dictionary;~~

~~(c) operate financial management information systems consistent with the uniform financial accounting and reporting standards adopted by the commissioner pursuant to sections 121.904 to 121.917;~~

~~(d) make available to districts the opportunity to participate fully in all the subsystems of ESV IS;~~

~~(e) develop and maintain a plan to provide services during a system failure or a disaster;~~

~~(f) comply with the requirement in section 121.908, subdivision 2, on behalf of districts affiliated with it; and~~

~~(g) operate fixed assets property management information systems consistent with the uniform property accounting and reporting standards adopted by the commissioner.~~

~~Subd. 4. [ANNUAL BUDGET ESTIMATES.] Every regional management information center shall submit to the department by July 1 an annual budget estimate for its administrative and management computer activities. The budget estimates shall be in a program budget format and shall include all estimated and actual revenues, expenditures, and fund balances of the center. Budget forms developed pursuant to section 16A.10 may be used for these estimates. The department of education shall assemble this budget information into a supplemental budget summary for the statewide elementary, secondary, and vocational management information system. Copies of the budget summary shall be provided to the ESV computer council and shall be available to the legislature upon request.~~

Subd. 6. [FEES.] Regional management information centers may charge fees to affiliated districts for the cost of services provided to the district.

~~Subd. 8. [COMPUTER HARDWARE PURCHASE.] A regional management information center may not purchase or enter into a lease purchase agreement for computer hardware in excess of $100,000 without unanimous consent of the center board.~~

Subd. 9. [FINANCIAL SERVICES.] Regional management information centers may provide financial management information services to cities, counties, towns, or other governmental units at mutually negotiated prices.

Sec. 13. Minnesota Statutes 1994, section 122.91, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The purpose of an education district is to increase educational opportunities for learners by increasing cooperation and coordination among school districts, other governmental units, and post-secondary institutions, and to replace other existing cooperative structures.

Sec. 14. Minnesota Statutes 1994, section 122.91, subdivision 2, is amended to read:

Subd. 2. [AGREEMENT.] School boards meeting the requirements of subdivision 3 may enter into a written agreement to establish an education district. Once established, cities, counties, and other governmental units as defined in section 471.59, may become members of the education district. The agreement and subsequent amendments must be adopted by majority vote of the full membership of each board.

Sec. 15. Minnesota Statutes 1994, section 122.91, subdivision 2a, is amended to read:

Subd. 2a. [AGREEMENT; SPECIAL PROVISIONS.] The education district agreement may contain a special provision adopted by the vote of a majority of the full membership of each of the boards of the member school districts to allow a post-secondary institution or cities, counties, and other governmental units to become a member of the education district.

Sec. 16. Minnesota Statutes 1994, section 122.92, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL DISTRICT REPRESENTATION.] The education district board shall be composed of at least one representative appointed by the school board or governing board of each member ~~district~~. Each representative must be a member of the appointing school or governing board. Each representative shall serve at the pleasure of the appointing ~~school~~ board and may be recalled by a majority vote of the appointing ~~school~~ board. Each representative shall serve for the term that is specified in the agreement. The board shall select its officers from among its members and shall determine the terms of the officers. The board shall adopt bylaws for the conduct of its business. The board may conduct public meetings via interactive television if the board complies with section 471.705 in each location where board members are present.

Sec. 17. Minnesota Statutes 1994, section 122.93, subdivision 1, is amended to read:

Subdivision 1. [COORDINATION.] An education district board shall coordinate the programs and services of the education district according to the terms of the written agreement. The board shall implement the agreement for delivering educational services defined in section 123.582, subdivisions 7 and 8, needed in the education district.

Sec. 18. Minnesota Statutes 1994, section 122.94, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] An education district board shall adopt a comprehensive agreement for continuous learning. The agreement must address methods to improve the educational opportunities available in the education district. ~~It must be submitted for review by the educational cooperative service unit within which the majority of the education district membership lies.~~ The education district board shall review the agreement annually and propose necessary amendments to the member districts.

Sec. 19. Minnesota Statutes 1994, section 123.34, is amended by adding a subdivision to read:

Subd. 9a. [DISCLOSE PAST BUYOUTS OR CONTRACT IS VOID.] (a) For the purposes of paragraph (b), a "buyout agreement" is any agreement under which a person employed as a superintendent left the position before the term of the contract was over and received a sum of money, something else of value, or the right to something of value for some purpose other than performing the services of a superintendent.

(b) Before a person may enter into a superintendent's contract with a school board, the candidate shall disclose in writing the existence and terms of any previous buyout agreement, including amounts and the purpose for the payments, relating to a superintendent's contract with another school board. A disclosure made under this paragraph is public data.

(c) The superintendent's contract of a person who fails to make a timely disclosure under paragraph (b) is void.

Sec. 20. Minnesota Statutes 1994, section 123.35, subdivision 19b, is amended to read:

Subd. 19b. [WITHDRAWING FROM COOPERATIVE.] If a school district withdraws from a cooperative unit defined in paragraph (d), the distribution of assets and assignment of liabilities to the withdrawing district shall be determined according to this subdivision.

(a) The withdrawing district remains responsible for its share of debt incurred by the cooperative unit according to subdivision 19a. The school district and cooperative unit may mutually agree, through a board resolution by each, to terms and conditions of the distribution of assets and the assignment of liabilities.

(b) If the cooperative unit and the school district cannot agree on the terms and conditions, the commissioner of education shall resolve the dispute by determining the district's proportionate share of assets and liabilities based on the district's enrollment, financial contribution, usage, or other factor or combination of factors determined appropriate by the commissioner. The assets shall be disbursed to the withdrawing district in a manner that minimizes financial disruption to the cooperative unit.

(c) Assets related to an insurance pool shall not be disbursed to a member district under paragraph (b).

(d) For the purposes of this section, a cooperative unit is:

(1) an education district organized under sections 122.91 to 122.95;

(2) a cooperative vocational center organized under section 123.351;

(3) an intermediate district organized under chapter 136D;

(4) ~~an educational cooperative service unit organized under section 123.58~~ a service cooperative organized under section 123.582; or

(5) a regional management information center organized under section 121.935 or as a joint powers district according to section 471.59.

Sec. 21. Minnesota Statutes 1994, section 123.351, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] Two or more independent school districts may enter into an agreement to establish a cooperative center to provide for vocational education and other educational services upon the vote of a majority of the full membership of each of the boards of the districts entering into the agreement. The agreement may also provide for membership by cities, counties, and other governmental units as defined in section 471.59. When a resolution approving this action has been adopted by the board of a district, the resolution shall be published once in a newspaper of general circulation in the district. If a petition for referendum on the question of the district entering into the agreement, containing signatures of qualified voters of the district equal to five percent of the number of voters at the last school district general election, is filed with the clerk of the board within 60 days after publication of the resolution, the board shall not enter into the agreement until the question has been submitted to the voters of the district at a special election. This election shall be conducted and canvassed in the same manner as school

district general elections. If a majority of the total number of votes cast on the question within the district is in favor of the proposition, the board may enter into an agreement to establish the center for purposes described in this section.

Sec. 22. Minnesota Statutes 1994, section 123.351, subdivision 3, is amended to read:

Subd. 3. [GOVERNING BOARD.] (a) The center shall be operated by a center board of not less than five members which shall consist of members from school boards of each of the participating school districts within the center and member cities, counties, and other governmental units, appointed by their respective ~~school~~ boards. Each participating school district shall have at least one member on the board. The board shall choose an administrative officer to administer board policy and directives who shall serve as an ex officio member of the board but shall not have a vote.

(b) The terms of office of the first members of the board shall be determined by lot as follows: one-third of the members for one year, one-third for two years, and the remainder for three years, all terms to expire on June 30 of the appropriate year; provided that if the number of members is not evenly divisible by three, the membership will be as evenly distributed as possible among one, two and three year terms with the remaining members serving the three year term. Thereafter the terms shall be for three years commencing on July 1 of each year. If a vacancy occurs on the center board, it shall be filled by the appropriate school board within 90 days. A person appointed to the center board shall qualify as a board member by filing with the chair a written certificate of appointment from the appointing school board.

(c) The first meeting of a center board shall be at a time mutually agreed upon by board members. At this meeting, the center board shall choose its officers and conduct any other necessary organizational business. Thereafter the center board shall meet on the first of July of each year or as soon thereafter as practicable pursuant to notice sent to all center board members by the chief executive officer of the center.

(d) The officers of the center board shall be a chair, vice-chair, clerk and treasurer, no two of whom when possible shall be from the same school district. The chair shall preside at all meetings of the center board except in the chair's absence the vice-chair shall preside. The clerk shall keep a complete record of the minutes of each meeting and the treasurer shall be the custodian of the funds of the center. Insofar as applicable, sections 123.33 and 123.34, shall apply to the board and officers of the center.

(e) Each participating school district shall have equal voting power with at least one vote. A majority of the center board shall be a quorum. Any motion other than adjournment shall pass only upon receiving a majority of the votes of the entire center board.

Sec. 23. Minnesota Statutes 1994, section 123.351, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The center board shall have the general charge of the business of the center and the ownership of facilities. Where applicable, section 123.36, shall apply. The center board may not issue bonds in its behalf. Each participating district may issue its bonds for the purpose of acquisition and betterment of center facilities in the amount certified by the center board to such participating district in accordance with chapter 475.

(b) The center board (1) may furnish vocational offerings to any eligible person residing in any participating district; (2) may provide special education for the handicapped and disadvantaged; and (3) may provide any other educational programs or services defined in section 123.582, subdivisions 7 and 8, agreed upon by the participating ~~districts~~ members. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

(c) In accordance with subdivision 5, clause (b), the center board shall certify to each participating district the amount of funds assessed to the district as its proportionate share required for the conduct of the educational programs, payment of indebtedness, and all other proper expenses of the center.

(d) The center board shall employ and contract with necessary qualified teachers and administrators and may discharge the same for cause pursuant to section 125.12. The authority for

selection and employment of a director shall be vested in the center board. Notwithstanding the provisions of section 125.12, subdivision 6a or 6b, no individual shall have a right to employment as a director based on seniority or order of employment by the center. The board may employ and discharge other necessary employees and may contract for other services deemed necessary.

(e) The center board may provide an educational program for secondary and adult vocational phases of instruction. The high school phase of its educational program shall be offered as a component of the comprehensive curriculum offered by each of the participating school districts. Graduation shall be from the student's resident high school district. Insofar as applicable, sections 123.35 to 123.40, shall apply.

(f) The center board may prescribe rates of tuition for attendance in its programs by adults and nonmember district secondary students.

Sec. 24. Minnesota Statutes 1994, section 123.351, subdivision 5, is amended to read:

Subd. 5. [FINANCING.] (a) Any center board established pursuant to this section is a public corporation and agency and may receive and disburse federal, state, and local funds made available to it. No participating school district or member shall have any additional individual liability for the debts or obligations of the center except that assessment which has been certified as its proportionate share in accordance with subdivision 5, clause (b) and subdivision 4, clauses (a) and (c). A member of the center board shall have such liability as is applicable to a member of an independent school district board. Any property, real or personal, acquired or owned by the center board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

(b) The center board may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district its proportionate share of any and all expenses. This share shall be based upon an equitable distribution formula agreed upon by the participating districts. Each participating district shall remit its assessment to the center board within 30 days after receipt. The assessments shall be paid within the maximum levy limitations of each participating district.

Sec. 25. [123.582] [SERVICE COOPERATIVES.]

Subdivision 1. [ESTABLISHMENT OF SERVICE COOPERATIVES.] (a) Ten service cooperatives, hereafter designated as SCs, are established. Geographical boundaries for each SC shall coincide with those identified in governor's executive orders 8, dated September 1, 1971, and 59, dated May 29, 1973, issued pursuant to the regional development act of 1969, Minnesota Statutes, sections 462.381 to 462.397, with the following exceptions:

(1) development regions one and two shall be combined to form a single SC;

(2) development regions six east and six west shall be combined to form a single SC; and

(3) development regions seven east and seven west shall be combined to form a single SC.

(b) The SC shall cooperate with the regional development commission for the region with which its boundaries coincide but shall not be responsible to nor governed by that regional development commission.

(c) Two or more identified SCs may, upon approval by a majority of the members in each affected SC, be combined and administered as a single SC.

Subd. 2. [PURPOSE OF SC.] The primary purposes of designation as a SC shall be to perform planning on a regional basis and to assist in meeting specific needs of clients in participating governmental units which could be better provided by a SC than by the members themselves. The SC shall provide those programs and services which are determined, pursuant to subdivision 7, to be priority needs of the particular region and shall assist in meeting special needs which arise from fundamental constraints upon individual members.

Subd. 3. [MEMBERSHIP AND PARTICIPATION.] Full membership in a SC shall be limited to public school districts, cities, counties, and other governmental units as defined in section

471.59, but nonvoting memberships shall be available to nonpublic school administrative units and other partnership agencies or organizations within the SC. A school district, city, county, or other governmental unit or nonprofit organization may belong to one or more SCs. Participation in programs and services provided by the SC shall be discretionary. No school district, city, county, or other governmental unit shall be compelled to participate in these services under authority of this section. Nonpublic school students and personnel are encouraged to participate in programs and services to the extent allowed by law.

Subd. 4. [GOVERNING BOARD.] (a) The care, management, and control of a SC shall be vested in a board of directors composed of not less than six nor more than 15 members. A majority of the members of the SC board of directors shall be current members of school boards of participating public school districts. Election of the school board members to the SC board of directors shall be by vote of all current school board members of participating public school districts with each school board member having one vote. The remaining board members may be representatives at large appointed by the board members or elected as representatives by other participating agencies, such as cities, counties, or other governmental units.

(b) The election timeline shall be compatible with those for school board members and shall be addressed within the bylaws of each SC.

(c) A vacancy on the SC board which results in an unexpired term may be filled by appointment by the SC board of directors until such vacancy can be filled at the next board election.

(d) At the organizational meeting, the SC board shall choose its officers and conduct any other necessary organizational business. The SC board may, at its discretion, appoint up to three members at large to the SC board as ex officio, nonvoting members of the board and shall encourage the advisory participation of a cross-section of school and agency personnel within the SC to the extent allowed by law.

(e) The officers of the SC board shall be a chair, vice-chair, clerk, and treasurer, no two of whom when possible shall be from the same agency.

(f) A member of the SC board shall have the same liability applicable to a member of an independent school board or other elected governmental officials.

Subd. 5. [DUTIES AND POWERS OF SC BOARD OF DIRECTORS.] The board of directors shall have authority to maintain and operate a SC. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit, by June 1 of each year to each participating member, an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the needs of the SC.

(b) The SC board of directors shall provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise.

(c) The SC board of directors shall employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to applicable provisions of law. SC staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The SC board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents, lay persons, and representatives from cities, counties, and other governmental units.

(e) The SC board of directors may employ service area personnel pursuant to licensure and certification standards developed by the appropriate state agency such as the state board and the state board of teaching.

(f) The SC board of directors may enter into contracts with school boards of local districts including school districts outside the SC area.

(g) The SC board of directors may enter into contracts with other public and private agencies and institutions to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The SC board of directors shall exercise all powers and carry out all duties delegated to it by members under provisions of the SC bylaws. The SC board of directors shall be governed, when not otherwise provided, by applicable laws of the state.

(i) The SC board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the members by September 1 of each year following the previous June 30 in which the programs and services were provided.

(j) The SC board is encouraged to establish cooperative, working relationships and partnerships with post-secondary educational institutions, other public agencies, business, and industry.

Subd. 6. [APPOINTMENT OF AN ADVISORY COUNCIL.] There may be advisory councils selected to give advice and counsel to the SC board of directors. The councils may be composed of representatives from public and nonpublic schools, cities, counties, and other governmental units.

Subd. 7. [EDUCATIONAL PROGRAMS AND SERVICES.] The board of directors of each SC shall submit annually a plan to the members. The plan shall identify the programs and services which are suggested for implementation by the SC during the following year and shall contain components of long-range planning determined by the SC. These programs and services may include, but are not limited to, the following areas:

(1) administrative services;

(2) curriculum development;

(3) data processing;

(4) distance learning and other telecommunication services;

(5) evaluation and research;

(6) staff development;

(7) media and technology centers;

(8) publication and dissemination of materials;

(9) pupil personnel services;

(10) planning;

(11) secondary, post-secondary, community, adult, and adult vocational education;

(12) teaching and learning services, including services for students with special talents and special needs;

(13) employee personnel services;

(14) vocational rehabilitation;

(15) health, diagnostic, and child development services and centers;

(16) leadership or direction in early childhood and family education;

(17) community services;

(18) shared time programs;

(19) fiscal services and risk management programs;

(20) technology planning, training, and support services;

(21) health and safety services;

(22) student academic challenges; and

(23) cooperative purchasing services.

Subd. 8. [TECHNICAL ASSISTANCE.] Service cooperatives shall, to the extent possible, make technical assistance for long-range planning available to school districts upon request and shall establish a common database for local and regional decision making.

Subd. 9. [FINANCIAL SUPPORT FOR THE SERVICE COOPERATIVES.] (a) Financial support for SC programs and services shall be provided by participating members with private, state, and federal financial support supplementing as available. The SC board of directors may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district, nonpublic school administrative unit, city, county, and other governmental unit its proportionate share of all expenses. This share shall be based upon the extent of participation by each school district, nonpublic school administrative unit, city, county, or other governmental unit and shall be in the form of a service fee. Each participating school district, nonpublic school administrative unit, city, county, or other governmental unit shall remit its assessment to the SC board as provided in the SC bylaws. The assessments shall be paid within the maximum levy limitations of each participating member. No participating member shall have any additional liability for the debts or obligations of the SC except that assessment which has been certified as its proportionate share and any other liability the member assumes under section 123.35, subdivision 19b.

(b) Any property acquired by the SC board is public property to be used for essential public and governmental purposes which shall be exempt from all taxes and special assessments levied by a city, county, state, or political subdivision thereof. If the SC is dissolved, its property must be distributed to the members at the time of the dissolution.

(c) A member may elect to withdraw participation in the SC by a majority vote of its full board membership and upon compliance with the applicable withdrawal provisions of the SC organizational agreement. The withdrawal shall be effective on the June 30 following receipt by the board of directors of written notification of the withdrawal by February 1 of the same year. Notwithstanding the withdrawal, the proportionate share of any expenses already certified to the withdrawing member for the SC shall be paid to the SC board.

(d) The SC is a public corporation and agency and its board of directors may make application for, accept, and expend private, state, and federal funds that are available for programs of the members.

(e) The SC is a public corporation and agency and as such, no earnings or interests of the SC may inure to the benefit of an individual or private entity.

Subd. 10. [ANNUAL MEETING.] Each SC shall conduct a meeting at least annually for its members.

Subd. 11. [JOINT POWERS ACT.] Nothing in this section shall restrict the authority granted to school district boards of education by section 471.59.

Sec. 26. Minnesota Statutes 1994, section 123.70, subdivision 8, is amended to read:

Subd. 8. The administrator or other person having general control and supervision of the elementary or secondary school shall file a report with the commissioner of education on all persons enrolled in the school, except that the superintendent of each school district shall file a report with the commissioner of education for all persons within the district receiving instruction in a home school in compliance with sections 120.101 and 120.102. The parent of persons receiving instruction in a home school shall submit the statements as required by subdivisions 1, 2, 3, and 4 to the superintendent of the school district in which the person resides by October 1 of each school year. The school report shall be prepared on forms developed jointly by the commissioner of health and the commissioner of education and be distributed to the local school

districts by the commissioner of health and shall state the number of persons attending the school, the number of persons who have not been immunized according to subdivision 1 or 2, and the number of persons who received an exemption under subdivision 3, clause (c) or (d). The school report shall be filed with the commissioner of education within 60 days of the commencement of each new school term. Upon request, a district shall be given a 60-day extension for filing the school report. The commissioner of education shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The administrator or other person having general control and supervision of the child care facility shall file a report with the commissioner of human services on all persons enrolled in the child care facility. The child care facility report must be prepared on forms developed jointly by the commissioner of health and the commissioner of human services and be distributed to child care facilities by the commissioner of health and must state the number of persons enrolled in the facility, the number of persons with no immunizations, the number of persons who received an exemption under subdivision 3, clause (c) or (d), and the number of persons with partial or full immunization histories. The child care facility report shall be filed with the commissioner of human services by November 1 of each year. The commissioner of human services shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The report required by this subdivision is not required of a family child care or group family child care facility, for prekindergarten children enrolled in any elementary or secondary school provided services according to section 120.17, subdivision 2, nor for child care facilities in which at least 75 percent of children in the facility participate on a one-time only or occasional basis to a maximum of 45 hours per child, per month.

Sec. 27. Minnesota Statutes 1994, section 126.031, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTION ~~REQUIRED~~ PERMITTED.] Every public elementary and secondary school ~~shall~~ may provide an instructional program in chemical abuse and the prevention of chemical dependency. The school districts shall involve parents, students, health care professionals, state department staff, and other members of the community with a particular interest in chemical dependency prevention in developing the curriculum.

Sec. 28. Minnesota Statutes 1994, section 126.78, subdivision 2, is amended to read:

Subd. 2. [GRANT APPLICATION.] To be eligible to receive a grant, a school district, an education district, a service cooperative, or a group of districts that cooperate for a particular purpose must submit an application to the commissioner in the form and manner and according to the timeline established by the commissioner. The application must describe how the applicant will: (1) continue or integrate into its existing K-12 curriculum a program for violence prevention that contains the program components listed in section 126.77; (2) collaborate with local organizations involved in violence prevention and intervention; and (3) structure the program to reflect the characteristics of the children, their families and the community involved in the program. The commissioner may require additional information from the applicant. When reviewing the applications, the commissioner shall determine whether the applicant has met the requirements of this subdivision.

Sec. 29. [127.311] [GOOD FAITH EXCEPTION.]

A violation of the technical provisions of the pupil fair dismissal act of 1974, made in good faith, is not a defense to a disciplinary procedure under the act unless the pupil can demonstrate actual prejudice as a result of the violation.

Sec. 30. Minnesota Statutes 1994, section 127.40, is amended to read:

127.40 [DEFINITIONS.]

Subdivision 1. [REMOVAL FROM CLASS.] "Removal from class" and "removal" mean any actions taken by a teacher, principal, or other school district employee to prohibit a pupil from attending a class or activity period for a period of time not to exceed ~~three class or activity periods~~ five days, pursuant to procedures established in the school district discipline policy adopted by the school board pursuant to section 127.41.

Subd. 2. [CLASS PERIOD.] "Class period" or "activity period" means~~, in secondary grades, instruction for a given course of study. A class period or activity period means, in elementary grades, a period of time not to exceed one hour, regardless of the subject of instruction~~ a period of time as defined in the district's written discipline policy.

Subd. 3. [SCHOOL SITE MEDIATION BOARD.] "School site mediation board" means a board representative of parents of students in the building, staff, and students that shall have the responsibilities as defined in section 127.411. The principal or other person having general control and supervision of the school, shall serve as an ex officio member of the board.

Subd. 4. [SCHOOL-BASED OMBUDSPERSON.] "School-based ombudsperson" means an administrator, a teacher, a parent, or a student representative who shall have the responsibilities as outlined in section 127.412.

Sec. 31. Minnesota Statutes 1994, section 127.41, is amended to read:

127.41 [DISCIPLINE AND REMOVAL OF STUDENTS FROM CLASS.]

Subdivision 1. [REQUIRED POLICY.] ~~Prior to the beginning of the 1984-1985 school year~~ Each school board shall adopt a written districtwide school discipline policy which shall include written rules of conduct for ~~pupils~~ students, minimum consequences for violations of the rules, and grounds and procedures for removal of ~~pupils~~ a student from class. The policy shall be developed with the participation of administrators, teachers, employees, pupils, parents, community members, and such other individuals or organizations as the board determines appropriate. A school site council may adopt additional provisions to the policy subject to the approval of the school board.

Subd. 2. [GROUNDS FOR REMOVAL FROM CLASS.] The policy shall establish the various grounds for which a ~~pupil~~ student may be removed from a class in the district for a period of time pursuant to the procedures specified in the policy. The grounds in the policy shall include at least the following provisions as well as other grounds determined appropriate by the board:

(a) willful conduct which materially and substantially disrupts the rights of others to an education;

(b) willful conduct which endangers school district employees, the ~~pupil or other pupils~~ student or other students, or the property of the school;

(c) willful violation of any rule of conduct specified in the discipline policy adopted by the board.

Subd. 3. [POLICY COMPONENTS.] The policy shall include at least the following components:

(a) rules governing ~~pupil~~ student conduct and procedures for informing ~~pupils~~ students of the rules;

(b) the grounds for removal of a ~~pupil~~ student from a class;

(c) the authority of the classroom teacher to remove ~~pupils~~ students from the classroom pursuant to procedures and rules established in the district's policy;

(d) the procedures for removal of a ~~pupil~~ student from a class by a teacher, school administrator, or other school district employee;

(e) the period of time for which a ~~pupil~~ student may be removed from a class, which may not exceed ~~three~~ five class periods for a violation of a rule of conduct;

(f) provisions relating to the responsibility for and custody of a ~~pupil~~ student removed from a class;

(g) the procedures for return of a ~~pupil~~ student to the specified class from which the ~~pupil~~ student has been removed;

(h) the procedures for notifying ~~pupils and parents or guardians~~ a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;

(i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a ~~pupil's~~ student's behavior;

(j) any procedures determined appropriate for encouraging early detection of behavioral problems;

(k) any procedures determined appropriate for referring ~~pupils~~ a student in need of special education services to those services;

(l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individual education plan of a ~~pupil~~ student with a disability who is removed from class; ~~and~~

(m) procedures for detecting and addressing chemical abuse problems of ~~pupils~~ a student while on the school premises;

(n) the minimum consequences for violations of the code of conduct; and

(o) procedures for immediate and appropriate interventions tied to violations of the code.

Sec. 32. [127.411] [SCHOOL SITE MEDIATION BOARD.]

Subdivision 1. [BOARD ALLOWED.] A school district or school site council may establish a school site mediation board. The board shall consist of equal numbers of staff and parents and, in the case of secondary schools, student representatives. Members shall be representative of the school community and shall be selected by a method as determined in the district's discipline policy.

Subd. 2. [PURPOSES AND DUTIES.] The board shall mediate issues in dispute at the school site related to the implementation of district and school site codes of conduct under sections 127.40 to 127.413, and the application of the codes to a student.

Sec. 33. [127.412] [OMBUDSPERSON SERVICE.]

A school district or school site council may establish an ombudsperson service for students, parents, and staff. The service shall consist of an administrator, a student, a parent, and a teacher. The school site shall notify students, parents, and staff of the availability of the service. The service shall provide advocacy for enforcement of the codes of conduct and the procedures to remediate disputes related to implementation of the code of conduct and the goals of the school in maintaining an orderly learning environment for all students.

Sec. 34. [127.413] [NOTIFICATION.]

Representatives of the school board and the exclusive representative of the teachers shall discuss issues related to notification prior to placement in classrooms of students with histories of violent behavior and any need for intervention services or conflict resolution or training for staff in such cases.

Sec. 35. Minnesota Statutes 1994, section 127.42, is amended to read:

127.42 [REVIEW OF POLICY.]

The principal ~~and the licensed employees~~ or other person having general control and supervision of the school, and representatives of parents, students, and staff in a school building shall confer at least annually to review the discipline policy and to assess whether the policy has been enforced. Each school board shall conduct an annual review of the districtwide discipline policy.

Sec. 36. [136D.93] [OTHER MEMBERSHIP AND POWERS.]

In addition to the districts listed in sections 136D.21, 136D.71, and 136D.81, the agreement of

an intermediate school district established under this chapter may provide for the membership of other school districts and cities, counties, and other governmental units as defined in section 471.59. In addition to the powers listed in sections 136D.25, 136D.73, and 136D.84, an intermediate school board may provide the services defined in section 123.582, subdivisions 7 and 8.

Sec. 37. Laws 1994, chapter 647, article 3, section 25, is amended to read:

Sec. 25. [REPORTS OF INCIDENTS OF MISBEHAVIOR IN SCHOOLS.]

(a) For the 1994-1995 and 1995-1996 school years, each school district shall use a standardized form or alternative aggregate reporting format developed by the commissioner of education to report to the commissioner all incidents of misbehavior that result in the suspension or expulsion of students under Minnesota Statutes, sections 127.26 to 127.39. The standardized reporting form, which the commissioner may coordinate with the reporting form required under Minnesota Statutes, section 121.207, shall include the following information:

(1) a description of each incident of misbehavior that leads to the suspension or expulsion of the student including, where appropriate, a description of the dangerous weapon as defined in Minnesota Statutes, section 609.02, subdivision 6, involved in the incident;

(2) information about the suspended or expelled student, other than the student's name, including the student's age, whether the student is a student of color, and the number of times the student has been suspended or expelled previously and for what misbehavior;

(3) whether the student has or had an individualized learning plan (IEP) under Minnesota Statutes, section 120.17, and, if the student has or had an IEP, whether the misbehavior resulting in suspension or expulsion was a manifestation of the student's disabling condition;

(4) the actions taken by school officials to respond to the incident of misbehavior; and

(5) the duration of the suspension or expulsion.

(b) School districts shall use the standardized form or alternative aggregate reporting format to transmit the information described in paragraph (a) to the commissioner biannually by February 1 and July 1, beginning February 1, 1995, and ending July 1, 1996. The commissioner shall compile and analyze the data and present to the education committees of the legislature an interim report by January 1, 1996, and a final report by February 1, 1997.

(c) Based on the data collected, the department shall make recommendations to the legislature by March 15, 1995, for changes in the pupil fair dismissal act.

Sec. 38. [SUCCESSOR TO ECSUS.]

Each service cooperative established under section 25 is a continuation of the ECSU it replaces. The service cooperative is the legal successor in all respects of the ECSU, without need of further proceedings of any kind. The personnel of the ECSU become personnel of the service cooperative, retaining all their rights and benefits. All property, obligations, assets, and liabilities of the ECSU become the property, obligations, assets, and liabilities of the service cooperative.

Sec. 39. [SC INSURANCE POOLS.]

(a) A service cooperative shall provide all financial information that deals with revenues and expenses on behalf of local school districts that have pooled for insurance purposes.

(b) All service cooperative insurance advisory labor management committees must have representation from all exclusive representatives. The representation must be provided by appointment by the respective exclusive representatives.

Sec. 40. [DEVELOPMENT OF STUDENT BILL OF RIGHTS AND RESPONSIBILITIES.]

Members of the senate and house education committees will participate in development of a Minnesota student bill of rights and responsibilities by the YMCA youth in government during its 1996 session. Legislators and YMCA participants shall collaborate with students involved in

project 120, governor's scholars, the student council association, and other student groups. Draft proposals will be circulated and reviewed at each elementary, middle, and secondary school site in the state.

Sec. 41. [COMBINED FINANCIAL STATEMENT.]

For fiscal year 1995, independent school district Nos. 209, Kensington; 262, Barret; 263, Elbow Lake; and 265, Hoffman, may submit a combined audited financial statement to comply with the requirement of Minnesota Statutes, section 121.908, subdivision 3. The individual districts must also submit separate uniform financial accounting and reporting standards data for fiscal year 1995, according to Minnesota Statutes, section 121.908, subdivisions 2 and 3.

Sec. 42. [REPEALER.]

Minnesota Statutes 1994, sections 3.198; 121.93; 121.936; and 123.58, are repealed.

Sec. 43. [EFFECTIVE DATE.]

Section 19 applies to contracts to take effect on or after July 1, 1995.

ARTICLE 10

LIBRARIES

Section 1. Minnesota Statutes 1994, section 134.155, is amended to read:

134.155 [LIBRARIANS OF COLOR PROGRAM.]

Subdivision 1. [DEFINITION.] For purposes of this section, "people of color" means permanent United States residents who are African-American, American Indian or Alaskan native, Asian or Pacific Islander, or Hispanic.

Subd. 2. [GRANTS.] The commissioner of education, in consultation with the multicultural advisory committee established in section 126.82, shall award grants for professional development programs to recruit and educate people of color in the field of library science or information management. Grant applicants must be a public library jurisdiction with a growing minority population working in collaboration with an accredited institution of higher education with a library education program in the state of Minnesota.

Subd. 3. [PROGRAM REQUIREMENTS.] (a) A grant recipient shall recruit people of color to be ~~librarians~~ library staff in public libraries and provide support in linking program participants with jobs in the recipient's library jurisdiction.

(b) A grant recipient shall establish an advisory council composed of representatives of communities of color.

(c) A grant recipient, with the assistance of the advisory council, ~~shall~~ may recruit high school students, undergraduate students~~,~~ or other persons; support them through the higher education application and admission process; advise them while enrolled; and link them with support resources in the college or university and the community.

(d) A grant recipient shall award stipends to people of color enrolled in ~~an accredited~~ a library education program to help cover the costs of tuition, student fees, supplies, and books. Stipend awards must be based upon a student's financial need and students must apply for any additional financial aid for which they are eligible to supplement this program. No more than ten percent of the grant may be used for costs of administering the program. Students must agree to work in the grantee library jurisdiction for at least two years after graduation if the student acquires a master's degree and at least three years after graduation if the student acquires both a bachelor's and a master's degree while participating in the program. If no full-time position is available in the library jurisdiction, the student may fulfill the work requirement in another Minnesota public library.

(e) The commissioner of education shall consider the following criteria in awarding grants:

(1) whether the program is likely to increase the recruitment and retention of persons of color in librarianship;

(2) whether grant recipients will establish or have a mentoring program for persons of color; and

(3) whether grant recipients will provide a library internship for persons of color while participating in this program.

Sec. 2. Minnesota Statutes 1994, section 134.34, subdivision 4a, is amended to read:

Subd. 4a. [SUPPORT GRANTS.] In state fiscal years 1993, 1994, ~~and~~ 1995, and 1996, a regional library basic system support grant also may be made to a regional public library system for a participating city or county which meets the requirements under paragraph (a) or (b).

(a) The city or county decreases the dollar amount provided by it for operating purposes of public library service if the amount provided by the city or county is not less than the amount provided by the city or county for such purposes in the second preceding year.

(b)(1) The city or county provided for operating purposes of public library services an amount exceeding 125 percent of the state average percentage of the adjusted net tax capacity or 125 percent of the state average local support per capita; and

(2) the local government aid distribution for the current calendar year under chapter 477A has been reduced below the originally certified amount for payment in the preceding calendar year, if the dollar amount of the reduction from the previous calendar year in support for operating purposes of public library services is not greater than the dollar amount by which support for operating purposes of public library service would be decreased if the reduction in support were in direct proportion to the local government aid reduction as a percentage of the previous calendar year's revenue base as defined in section 477A.011, subdivision 27. Determination of a grant under paragraph (b) shall be based on the most recent calendar year for which data are available.

The city or county shall file a report with the department of education indicating the dollar amount and percentage of reduction in public library operating funds.

Sec. 3. Minnesota Statutes 1994, section 134.351, subdivision 4, is amended to read:

Subd. 4. [GOVERNANCE.] (a) In any area where the boundaries of a proposed multicounty, multitype library system coincide with the boundaries of the regional library system or district, the regional library system or district board shall be designated as the governing board for the multicounty, multitype library system. In any area where a proposed multicounty, multitype library system encompasses more than one regional library system or district, the governing board of the multicounty, multitype library system shall consist of nine members appointed by the cooperating regional library system or district boards from their own membership in proportion to the population served by each cooperating regional library system or district. In each multicounty, multitype library system there shall be established an advisory committee consisting of two representatives of public libraries, two representatives of school media services, one representative of special libraries, one representative of public supported academic libraries, and one representative of private academic libraries. The advisory committee shall recommend needed policy to the system governing board.

(b) Upon recommendation from its advisory committee, a multitype library cooperation system governing board may choose to reconstitute the governance of the multitype system by the creation of a combined board which replaces the previous governing board and advisory committee. A combined board shall consist of five or seven citizens, not employed in library or information services, and four library or information service workers. The constituent regional public library system boards shall select the citizen members from the at-large population of the region. In any area where a multicounty, multitype library system encompasses more than one regional public library system, cooperating regional system boards shall appoint citizen members of the combined board members in proportion to the population of each cooperating regional system. The combined board members who are library and information workers shall be selected, one from each type of library: academic, public, school, and special. Governing board members of

the combined board shall serve two-year terms for no more than three successive terms with the members of the first combined board serving one- and two-year terms as determined by lot with a simple majority serving for two years. Elections shall be pursuant to the adopted bylaws of the multitype system and may provide additional requirements to those in this section. New combined governing boards shall take effect at the beginning of the fiscal year, July 1, and shall continue the authority, ownership, and obligations of the previously constituted multitype system in its region.

Sec. 4. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

$7,819,000	.....	1996
$7,819,000	.....	1997

The 1996 appropriation includes $1,172,000 for 1995 and $6,647,000 for 1996.

The 1997 appropriation includes $1,172,000 for 1996 and $6,647,000 for 1997.

Subd. 3. [LIBRARIANS OF COLOR.] For the librarians of color program according to Minnesota Statutes, section 134.155:

$55,000	.....	1996
$55,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [CHILDREN'S LIBRARY SERVICES GRANTS.] For grants for collaborative programs to strengthen library services to children, young people, and their families:

$50,000	.....	1996
$50,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

$527,000u	.....	1996
$527,000	.....	1997

The 1996 appropriation includes $79,000 for 1995 and $448,000 for 1996.

The 1997 appropriation includes $79,000 for 1996 and $448,000 for 1997.

ARTICLE 11

STATE AGENCIES

Section 1. Minnesota Statutes 1994, section 124C.07, is amended to read:

124C.07 [COMPREHENSIVE ARTS PLANNING PROGRAM.]

The ~~department of education~~ Minnesota center for arts education shall prescribe the form and manner of application by one or more school districts to be designated as a site to participate in the comprehensive arts planning program. Up to 30 sites may be selected. The ~~department of education~~ center shall designate sites in consultation with the Minnesota alliance for arts in education~~, the Minnesota center for arts education,~~ and the Minnesota state arts board.

Sec. 2. Minnesota Statutes 1994, section 124C.08, subdivision 2, is amended to read:

Subd. 2. [CRITERIA.] The center, in consultation with the comprehensive arts planning program state steering committee, shall establish criteria for site selection. Criteria shall include at least the following:

(1) a willingness by the district or group of districts to designate a program chair for comprehensive arts planning with sufficient authority to implement the program;

(2) a willingness by the district or group of districts to create a committee comprised of school district and community people whose function is to promote comprehensive arts education in the district;

(3) commitment on the part of committee members to participate in training offered by the department of education;

(4) a commitment of the committee to conduct a needs assessment of arts education;

(5) commitment by the committee to evaluate its involvement in the program;

(6) a willingness by the district to adopt a long-range plan for arts education in the district;

~~(7) no previous involvement of the district in the comprehensive arts planning program, unless that district has joined a new group of districts;~~ and

~~(8)~~ (7) location of the district or group of districts to assure representation of urban, suburban, and rural districts and distribution of sites throughout the state.

Sec. 3. Minnesota Statutes 1994, section 126A.01, is amended to read:

126A.01 [ENVIRONMENTAL EDUCATION GOALS AND PLAN.]

The environmental education program described in this chapter has these goals for the pupils and other citizens of this state:

(a) Pupils and citizens should be able to apply informed decision-making processes to maintain a sustainable lifestyle. In order to do so, citizens should:

(1) ~~to~~ understand ecological systems;

(2) ~~to~~ understand the cause and effect relationship between human attitudes and behavior and the environment;

(3) ~~to be able to analyze, develop, and use problem-solving skills to understand the decision-making process of individuals, institutions, and nations regarding environmental issues;~~

~~(4) to~~ be able to evaluate alternative responses to environmental issues before deciding on alternative courses of action; and

~~(5)~~ (4) ~~to~~ understand the ~~potential complementary nature~~ effects of multiple uses of the environment~~;~~.

~~(6) to provide experiences to assist citizens to increase their sensitivity and stewardship for the environment; and~~

~~(7) to provide the~~ (b) Pupils and citizens shall have access to information ~~citizens need~~ and experiences needed to make informed decisions about actions to take on environmental issues.

(c) For purposes of this chapter, "state plan" means "Greenprint for Minnesota: A State Plan for Environmental Education."

Sec. 4. Minnesota Statutes 1994, section 126A.02, subdivision 2, is amended to read:

Subd. 2. [BOARD MEMBERS.] A 17-member environmental education board shall advise the ~~director~~ commissioner of education. The board is made up of the commissioners of the department of natural resources; the pollution control agency; the department of agriculture; the department of education; the director of the office of strategic and long-range planning; the chair of the board of

water and soil resources; the executive director of the higher education coordinating board; the executive secretary of the board of teaching; the director of the extension service; and eight citizen members representing diverse interests appointed by the governor. The governor shall appoint one citizen member from each congressional district. The citizen members are subject to section 15.0575. Two of the citizen members appointed by the governor must be licensed teachers currently teaching in the K-12 system. The governor shall annually designate a member to serve as chair for the next year.

Sec. 5. Minnesota Statutes 1994, section 128A.02, subdivision 1, is amended to read:

Subdivision 1. [TO ~~MANAGE~~ GOVERN.] The state board of education ~~must manage~~ shall govern the state academy for the deaf and the state academy for the blind.

Sec. 6. Minnesota Statutes 1994, section 128A.02, subdivision 3, is amended to read:

Subd. 3. [MOST BENEFICIAL, LEAST RESTRICTIVE.] The state board must do what is necessary to provide the most beneficial and least restrictive program of education for each pupil at the academies who is handicapped by visual disability or ~~hearing impairment~~ deafness.

Sec. 7. Minnesota Statutes 1994, section 128A.02, is amended by adding a subdivision to read:

Subd. 3b. [PLANNING, EVALUATION, AND REPORTING.] To the extent required in school districts, the state board must establish a process for the academies to include parent and community input in the planning, evaluation, and reporting of curriculum and pupil achievement.

Sec. 8. Minnesota Statutes 1994, section 128A.02, subdivision 5, is amended to read:

Subd. 5. [~~ADVISORY COUNCIL~~ SITE COUNCILS.] The state board ~~must have~~ may establish, and appoint members to, ~~an advisory council on management policies at the state academies~~ a site council at each academy. The site councils shall exercise power and authority granted by the state board. The state board must appoint to each site council the exclusive representative's employee designee from each exclusive representative at the academies.

Sec. 9. Minnesota Statutes 1994, section 128A.021, is amended to read:

128A.021 [RESOURCE ~~CENTER; HEARING AND VISUALLY IMPAIRED~~ CENTERS; DEAF OR HARD OF HEARING AND BLIND OR VISUALLY IMPAIRED.]

Subdivision 1. [ALSO FOR MULTIPLY DISABLED.] ~~A resource center~~ Resource centers for the ~~hearing impaired, visually impaired, and~~ deaf or hard of hearing, and the blind or visually impaired, each also serving multiply disabled pupils ~~is established at~~, are transferred to the ~~state academies~~ department of education.

Subd. 2. [PROGRAMS.] The resource ~~center~~ centers must offer summer institutes and like programs throughout the state for ~~hearing impaired, visually impaired~~ deaf or hard of hearing, blind or visually impaired, and multiply disabled pupils. The resource ~~center~~ centers must also offer workshops for teachers, and leadership development for teachers.

A program offered through the resource ~~center~~ centers must promote and develop education programs offered by school districts or other organizations. The program must assist school districts or other organizations to develop innovative programs.

Subd. 3. [PROGRAMS BY NONPROFITS.] The resource ~~center~~ centers may contract to have nonprofit organizations provide programs through the resource ~~center~~ centers.

Subd. 4. [ADVISORY ~~COUNCIL~~ COMMITTEES.] ~~The advisory council for the academies is the advisory council for the resource center.~~ The special education advisory council shall establish an advisory committee for each resource center. The advisory committees shall develop recommendations regarding the resource centers.

Sec. 10. Minnesota Statutes 1994, section 128A.022, subdivision 1, is amended to read:

Subdivision 1. [PERSONNEL.] The state board of education may employ central administrative staff members and other personnel necessary to provide and support programs and services ~~in~~ at each academy.

Sec. 11. Minnesota Statutes 1994, section 128A.022, subdivision 6, is amended to read:

Subd. 6. [STUDENT TEACHERS AND PROFESSIONAL TRAINEES.] (a) The state board may enter into agreements with ~~teacher preparing~~ teacher preparation institutions for student teachers to get practical experience at the academies. A licensed teacher must provide appropriate supervision of each student teacher.

(b) The state board may enter into agreements with accredited higher education institutions for certain student trainees to get practical experience at the academies. The students must be preparing themselves in a professional field that provides special services to children with a disability in school programs. To be a student trainee in a field, a person must have completed at least two years of an approved program in the field. A person who is licensed or registered in the field must provide appropriate supervision of each student trainee.

Sec. 12. Minnesota Statutes 1994, section 128A.024, subdivision 4, is amended to read:

Subd. 4. [EDUCATION WITH PUPILS WITHOUT A DISABILITY.] The academies must provide opportunities for their pupils to be educated with pupils without a disability. A pupil's opportunities must be consistent with the pupil's individual education plan or individual family service plan and assessment.

Sec. 13. Minnesota Statutes 1994, section 128A.025, subdivision 1, is amended to read:

Subdivision 1. [ACADEMIES' ADMINISTRATOR.] The position of the ~~residential academies'~~ chief administrator at each academy is in the unclassified service.

Sec. 14. Minnesota Statutes 1994, section 128A.025, subdivision 2, is amended to read:

Subd. 2. [TEACHER STANDARDS.] A teacher or administrator at the academies is subject to the licensure standards of the board of teaching ~~and~~ or the state board of education.

Sec. 15. Minnesota Statutes 1994, section 128A.026, is amended to read:

128A.026 [STATE ~~BOARD RULES~~ ADOPTED PROCEDURES.]

Subdivision 1. [SUBJECTS.] The ~~rules of the~~ state board of education ~~authorized in section 128A.02~~ must establish procedures for:

(1) admission, including short-term admission, to the academies;

(2) discharge from the academies;

(3) decisions on a pupil's program at the academies; and

(4) evaluation of a pupil's progress at the academies.

Subd. 2. [MINIMUM CONTENT.] The discharge procedures must include reasonable notice to the child's district of residence. The procedures ~~set out in the rules~~ must guarantee a pupil and the pupil's parent or guardian appropriate safeguards. The safeguards must include a review of the placement determination made under sections 120.17 and 128A.05 and the right to participate in educational program decisions.

Subd. 3. [NOT CONTESTED CASE.] A proceeding about admission to or discharge from the academies or about a pupil's program or progress at the academies is not a contested case under section 14.02. The proceeding is governed instead by the rules of the state board ~~described in this section~~ governing special education.

Sec. 16. Minnesota Statutes 1994, section 128A.05, subdivision 1, is amended to read:

Subdivision 1. [TWO KINDS.] There are two kinds of admission to the academies.

(a) A pupil who is deaf ~~or hearing impaired~~, hard of hearing, or blind-deaf, may be admitted to the academy for the deaf. A pupil who is ~~visually~~ blind or visually impaired, blind-deaf, or multiply handicapped may be admitted to the academy for the blind. For a pupil to be admitted, two decisions must be made under section 120.17.

(1) It must be decided by the individual education planning team that education in regular or special education classes in the pupil's district of residence cannot be achieved satisfactorily because of the nature and severity of the ~~hearing~~ deafness or ~~visual~~ blindness or visual impairment respectively.

(2) It must be decided by the individual education planning team that the academy provides the most appropriate placement within the least restrictive alternative for the pupil.

(b) A deaf or ~~hearing-impaired~~ hard of hearing child or a visually impaired pupil may be admitted to get socialization skills or on a short-term basis for skills development.

Sec. 17. Minnesota Statutes 1994, section 128A.05, subdivision 2, is amended to read:

Subd. 2. [MULTIPLY HANDICAPPED.] This section does not prevent a pupil with handicaps in addition to being

(1) deaf or ~~hearing-impaired~~ hard of hearing, or

(2) blind or visually impaired

from attending the academy for the deaf or the academy for the blind, respectively.

Sec. 18. Laws 1993, chapter 224, article 8, section 21, subdivision 1, is amended to read:

Subdivision 1. [ARTS CENTER.] The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education in the fiscal year designated:

$387,000	.....	1994
$421,000	.....	1995

Of the fiscal year 1994 appropriation, $225,000 is to fund artist and arts organization participation in the education residency project, $75,000 is for school support for the residency project, and $87,000 is for further development of the partners: arts and school for students (PASS) program, including pilots. Of the fiscal year 1995 appropriation, $215,000 is to fund artist and arts organizations participation in the education residency project, $75,000 is for school support for the residency project, and $121,000 is to fund the PASS program, including additional pilots. The guidelines for the education residency project and the PASS program shall be developed and defined by the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education shall cooperate with the Minnesota arts board to fund these projects. Any balance remaining in the first year does not cancel, but is available in the second year.

Sec. 19. Laws 1992, chapter 499, article 11, section 9, as amended by Laws 1994, chapter 647, article 5, section 17, is amended to read:

Sec. 9. [LAND TRANSFER.]

Subdivision 1. [PERMITTED.] (a) Notwithstanding Minnesota Statutes, chapters 94 and 103F or any other law to the contrary, the state of Minnesota may convey the land described in paragraph (b) to independent school district No. 656, Faribault.

(b) The land which may be conveyed under paragraph (a) is legally described in general as follows:

All that part of the Southeast Quarter of the Southwest Quarter (SE 1/4 of SW 1/4) and all that part of the Southwest Quarter of the Southeast Quarter (SW 1/4 of SE 1/4), all in Section 29, Township 110 North, Range 20 West, in the City of Faribault, Rice County, Minnesota, owned by the state of Minnesota or any department or division thereof.

~~or~~

~~All that part of the Northwest Quarter of the Southwest Quarter (NW 1/4 of SW 1/4) of Section 28, and of the Northeast Quarter of the Southeast Quarter (NE 1/4 of SE 1/4) of Section 29, all in Township 110 North, Range 20 West, Rice County, Minnesota, owned by the State of Minnesota or any department or division thereof.~~

(c) ~~A more precise legal description in substantial conformance with the description in paragraph (b) must be provided by the grantee in the instruments of conveyance.~~ Because of the topography of the site, and the need to relocate Parshall street, Faribault, to accommodate the construction of a new elementary school, independent school district No. 656, Faribault, may exchange two small parcels, 2.5 to 4.5 acres each, of the land described in paragraph (b) for parcels of comparable value, contiguous to the land. In addition, independent school district No. 656, Faribault, is purchasing a parcel of about 4.7 acres immediately south of the land described in paragraph (b). A portion of the land is to be dedicated for the relocation of Parshall street.

(d) The state may convey the land described in paragraph (b), without reverter, to independent school district No. 656, Faribault, so that the land transfers may occur. Once the transfers have occurred and there is a unified parcel for the new elementary school, independent school district No. 656, Faribault, shall convey the entire parcel back to the state, and, the state shall convey this unified parcel back to independent school district No. 656, Faribault, with the right of reverter to the state.

(e) Both the precise legal descriptions and the instruments of conveyance must be approved as to form by the attorney general.

Subd. 2. [CONSIDERATION.] The consideration for the conveyance permitted by subdivision 1 is the amount of $1.

Subd. 3. [PURPOSE.] The land permitted to be conveyed under subdivision 1 is to be used as part of a site for an elementary school.

Subd. 4. [TITLE REVERTS TO STATE.] ~~If the lands described in subdivision 1 are~~ If the unified parcel in subdivision 1, paragraph (d), conveyed by the state to independent school district No. 656, Faribault, is not used for a public purpose, or upon discontinuance of such use, the title for the property shall revert to the state.

Sec. 20. Laws 1993, chapter 224, article 12, section 32, as amended by Laws 1993, chapter 374, section 22, is amended to read:

Sec. 32. [REPEALER.]

(a) Minnesota Statutes 1992, sections 120.095; 120.101, subdivision 5a; 120.75, subdivision 2; 120.80, subdivision 2; 121.11, subdivisions 6 and 13; 121.165; 121.19; 121.49; 121.883; 121.90; 121.901; 121.902; 121.904, subdivisions 5, 6, 8, 9, 10, 11a, and 11c; 121.908, subdivision 4; 121.9121, subdivisions 3 and 5; 121.931, subdivisions 6, 6a, 7, and 8; 121.934; 121.936 subdivisions 1, 2, and 3; 121.937; 121.94; 121.941; 121.942; 121.943; 123.33, subdivisions 10, 14, 15, and 16; 123.35, subdivision 14; 123.352; 123.36, subdivisions 2, 3, 4, 4a, 6, 8, 9, and 12; 123.40, subdivisions 4 and 6; 123.61; 123.67; 123.709; 123.744; 124.615; 124.62; 124.64; 124.645; 124.67; 124.68; 124.69; 124.79; 125.12, subdivisions 3a and 4a; 125.17, subdivisions 2a and 3a; 126.09; 126.111; 126.112; 126.20, subdivision 4; 126.24; and 126.268, are repealed.

(b) Minnesota Statutes 1992, section 121.11, subdivision 15, is repealed.

(c) Minnesota Statutes 1992, sections 120.101, subdivision 5b; 121.11, subdivision 16; 121.585, subdivision 3; 124.19, subdivisions 1, 1b, 6, and 7; 126.02; 126.025; 126.031; 126.06; 126.08; 126.12, subdivision 2; 126.662; 126.663; 126.664; 126.665; 126.666; 126.67; 126.68; ~~126A.01; 126A.02;~~ 126A.04; 126A.05; 126A.07; 126A.08; 126A.09; 126A.10; 126A.11; and 126A.12, are repealed.

Sec. 21. [APPROPRIATION TRANSFER AUTHORITY.]

Notwithstanding any other provisions to the contrary, the commissioner of education is authorized in fiscal year 1996 to transfer money between programs receiving specific appropriations for fiscal year 1996 in articles 2 to 10 in order to offset the effects of estimate changes. Money may be transferred from a specific appropriation only if the appropriation exceeds the amount needed to fund the program.

Sec. 22. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [DEPARTMENT.] For the department of education:

$24,850,000	.....	1996
$23,503,000	.....	1997

(a) Any balance in the first year does not cancel but is available in the second year.

(b) $21,000 each year is from the trunk highway fund.

(c) $522,000 each year is for the academic excellence foundation.

Up to $50,000 each year is contingent upon the match of $1 in the previous year from private sources consisting of either direct monetary contributions or in-kind contributions of related goods or services, for each $1 of the appropriation. The commissioner of education must certify receipt of the money or documentation for the private matching funds or in-kind contributions. The unencumbered balance from the amount actually appropriated from the contingent amount in 1996 does not cancel but is available in 1997. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

(d) $204,000 each year is for the state board of education.

(e) $227,000 each year is for the board of teaching.

(f) $869,000 each year is for educational effectiveness programs according to Minnesota Statutes, sections 121.602 and 121.608.

(g) $60,000 each year is for contracting with the state fire marshal to provide the services required according to Minnesota Statutes, section 121.1502.

(h) $400,000 each year is for health and safety management assistance contracts under Minnesota Statutes, section 124.83.

(i) The expenditures of federal grants and aids as shown in the biennial budget document are approved and appropriated and shall be spent as indicated.

(j) The commissioner shall maintain no more than five total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, and executive assistant.

The department of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits, and agency operations or funds available from other sources for such purposes.

(k) The department of education shall develop a performance report on the quality of its programs and services. The report must be consistent with the process specified in Minnesota Statutes, sections 15.90 to 15.92. The goals, objectives, and measures of this report must be developed in cooperation with the chairs of the finance divisions of the education committees of the house of representatives and senate, the department of finance, and the office of legislative auditor. The report prepared in 1995 must include a complete set of goals, objectives, and measures for the department. The report presented in 1996 and subsequent years must include data to indicate the progress of the department in meeting its goals and objectives.

The department of education must present a plan for a biennial report on the quality and performance of key education programs in Minnesota's public early childhood, elementary, middle, and secondary education programs. To the extent possible, the plan must be consistent with Minnesota Statutes, sections 15.90 to 15.92. The department must consult with the chairs of the finance divisions of the education committees of the house of representatives and senate, the department of finance, and the office of legislative auditor in developing this plan. The plan for this report must be presented in 1995 and the first biennial report presented in 1996.

(l) The commissioner of education shall perform a facilities standards evaluation of public elementary and secondary facilities in the state. This evaluation shall u include a measure of the following:

(1) the physical condition of education facilities;

(2) the level of utilization relative to the capacity of education facilities;

(3) the intensity of technological use in both administrative and instructional areas in education facilities;

(4) the alignment between education programs in place and the structure of education facilities; and

(5) an estimate of facility construction over the next decade.

This evaluation may be based on a sample of facilities but must include geographic breakdowns of the state.

The report shall indicate which construction and repair of district facilities is required to bring a district into compliance with fire safety codes, occupational safety and health requirements, and the Americans with Disabilities Act.

The commissioner shall recommend to the 1996 legislature standards for the review and comment process under Minnesota Statutes, section 121.15. The standards must integrate the use of technology, both current and potential, flexible scheduling, and program adjustments relative to implementation of the graduation rule.

(m) $120,000 is for a feasibility and design study to develop a statewide student performance accountability report. The department must identify and assess the current availability of critical data-based information about student performance and feasibility of using information from the existing sources, recommend additional data-based elements and data collection strategies that will provide for ongoing assessment of educational reform and improvement, and recommend methods for improving the coordination and dissemination of local accountability reports as part of a statewide reporting system. The study must include a statewide implementation and budget plan. The study process must involve other government units, school and citizen leaders, and members of higher education concerned with the education and development of children and youth. It must also consider ways to access the research and development capacity of institutions of higher education in Minnesota. The commissioner shall report the results of the study to the education committees of the legislature and the state board of education by February 1, 1996.

(n) $1,000,000 in fiscal year 1996 is for grants to special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, for after school enrichment pilot programs targeted towards junior high and middle school students. These programs shall be developed collaboratively with city government, park boards, family services collaboratives, and any other community organizations offering similar programming. Any balance remaining in the first year does not cancel but is available in the second year.

(o) $188,000 each year is appropriated from the special revenue fund for the graduation rule. The department appropriation is to be used to fund continued assessment and standards development and piloting; to broaden public understanding through communication; to continue development of learning benchmarks; for ongoing statewide assessment efforts; to develop system performance standards; and to provide technical assistance to schools throughout the state. The appropriation from the special revenue fund is to be used for appropriate development efforts in health-related standards and assessments. Any amount of this appropriation does not cancel and shall be carried forward to the following fiscal year. Notwithstanding any law to the contrary, the commissioner may contract for national expertise and related services in each of these development areas. Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of education may contract with a school district for a period no longer than five consecutive years for the services of an educator to work in the development, implementation, or both, of the graduation rule. The commissioner may contract for services and expertise as necessary for development and implementation of the graduation standards. Notwithstanding any

law to the contrary, the contracts are not subject to the contract certification procedures of the commissioner of administration or of Minnesota Statutes, chapter 16B, and are not subject to or included in any spending limitations on contracts.

(p) $600,000 in 1996 and $350,000 in 1997 is for transition aid for information support.

Subd. 3. [CHARTER SCHOOL EVALUATION.] For the state board of education to evaluate the performance of charter schools authorized according to Minnesota Statutes, section 120.064:

$50,000	.....	1996
$50,000	.....	1997

The state board must review and comment on the evaluation, by the chartering school district, of the performance of a charter school before that charter school's contract is renewed. The state board may provide assistance to a school district in evaluating a charter school that has been chartered by that school board. The board must report annually to the education committees of the legislature on the results of its evaluations.

Sec. 23. [APPROPRIATIONS; MINNESOTA CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education for the fiscal years designated:

$5,288,000	.....	1996
$5,288,000	.....	1997

Of the fiscal year 1996 appropriation, $225,000 is to fund artist and arts organization participation in the education residency and education technology projects, $75,000 is for school support for the residency project, and $121,000 is for further development of the partners: arts and school for students (PASS) program, including pilots. Of the fiscal year 1997 appropriation, $225,000 is to fund artist and arts organizations participation in the education residency project, $75,000 is for school support for the residency project, and $121,000 is to fund the PASS program, including additional pilots. The guidelines for the education residency project and the pass program shall be developed and defined by the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education shall cooperate with the Minnesota arts board to fund these projects.

Any balance remaining in the first year does not cancel, but is available in the second year.

The Minnesota center for arts education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the Minnesota center for arts education must assess its progress in meeting its established performance measures and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 24. [APPROPRIATIONS; FARIBAULT ACADEMIES.]

The sums indicated in this section are appropriated from the general fund to the department of education for the Faribault academies for the fiscal years designated:

$8,075,000	.....	1996
$8,075,000	.....	1997

Any balance in the first year does not cancel but is available in the second year.

The state board of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions of the Faribault academies. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the academies must assess their progress in meeting the established performance measures for the Faribault academies and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 25. [TRANSFER OF FUNDS.]

The commissioner of finance must transfer an amount agreed on by the affected agencies from the appropriation for the Faribault Academies to the appropriation to the department of education that reflects the transfer of the resource centers according to section 9.

Sec. 26. [REPEALER.]

Minnesota Statutes 1994, sections 128A.02, subdivisions 2 and 4; and 128A.03, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 18 and 19 are effective the day following final enactment.

ARTICLE 12

TECHNOLOGY

Section 1. Minnesota Statutes 1994, section 16B.465, is amended to read:

16B.465 [STATEWIDE TELECOMMUNICATIONS ACCESS ROUTING SYSTEM.]

Subdivision 1. [CREATION.] The statewide telecommunications access routing system provides voice, data, video, and other telecommunications transmission services to state agencies~~,~~; educational institutions, including public schools as defined in section 120.05, nonpublic, church or religious organization schools which provide instruction in compliance with sections 120.101 to 120.102, and private colleges ~~,~~; public corporations~~,~~; and state political subdivisions. It is not a telephone company for purposes of chapter 237. It shall not resell or sublease any services or facilities to nonpublic entities except it may serve private schools and colleges. The commissioner has the responsibility for planning, development, and operations of a statewide telecommunications access routing system in order to provide cost-effective telecommunications transmission services to system users.

Subd. 2. [ADVISORY COUNCIL.] The statewide telecommunications access and routing system is managed by the commissioner. Subject to section 15.059, subdivisions 1 to 4, the commissioner shall appoint an advisory council to provide advice in implementing and operating a statewide telecommunications access and routing system. The council shall represent the users of STARS services and shall include representatives of higher education, public and private schools, state agencies, and political subdivisions.

Subd. 3. [DUTIES.] The commissioner, after consultation with the council, shall:

(1) provide voice, data, video, and other telecommunications transmission services to the state and to political subdivisions through an account in the intertechnologies revolving fund;

(2) manage vendor relationships, network function, and capacity planning in order to be responsive to the needs of the system users;

(3) set rates and fees for services;

(4) approve contracts relating to the system;

(5) develop the system plan, including plans for the phasing of its implementation and maintenance of the initial system, and the annual program and fiscal plans for the system; and

(6) develop a plan for interconnection of the network with private colleges and public and private schools in the state.

Subd. 4. [PROGRAM PARTICIPATION.] (a) The commissioner may require the participation of state agencies, the state board of education, and the governing boards of the state universities,

the community colleges, and the technical colleges, and may request the participation of the board of regents of the University of Minnesota, in the planning and implementation of the network to provide interconnective technologies. The commissioner shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system.

(b) A direct appropriation made to an educational institution for usage costs associated with the STARS network must only be used by the educational institution for payment of usage costs of the network as billed by the commissioner of administration. The post-secondary appropriations may be shifted between systems as required by unanticipated usage patterns. An intersystem transfer must be requested by the appropriate system and may be made only after review and approval by the commissioner of finance, in consultation with the commissioner of administration.

Subd. 6. [REVOLVING FUND.] Money appropriated for the statewide telecommunications access routing system and fees for telecommunications services must be deposited in an account in the intertechnologies revolving fund. Money in the account is appropriated annually to the commissioner to operate telecommunications services.

Subd. 7. [EXEMPTION.] The system is exempt from the five-year limitation on contracts set by section 16B.07, subdivision 2.

Sec. 2. [120.0112] [STATE GOALS FOR SYSTEMIC CHANGE USING TECHNOLOGICAL ADVANCES.]

The general framework outcomes for technology use in education are:

(1) all Minnesota educational institutions, libraries, and communities will have access to local, state, and worldwide instructional resources databases;

(2) development of policies and procedures that assure instructional resource availability to help students successfully achieve education excellence and state standards;

(3) databases are accessible within each district and on the Internet; and

(4) development of policies, procedures, and systems that stimulate and promote teacher and student curriculum and learning collaboration.

Sec. 3. [121.613] [MINNESOTA SCIENCE AND MATHEMATICS FOUNDATION.]

Subdivision 1. [CREATION OF FOUNDATION.] There is created the Minnesota science and mathematics foundation. The purpose of the foundation shall be to increase the participation and achievement of all elementary and secondary students in mathematics and science education in Minnesota. The foundation's objectives shall include aiding in the implementation of science and mathematics standards, and coordinating public and private sector efforts to improve science and mathematics teaching and learning on a statewide basis. The foundation shall be a nonprofit organization.

Subd. 2. [BOARD OF DIRECTORS.] The board of directors of the foundation shall consist of representatives from the public and nonpublic elementary, secondary, and post-secondary institutions that work in the areas of science and mathematics, business and industry, state government, and related science and mathematics institutions of applied research and instruction. Once established, the initial board shall determine the permanent size of the board, the length of terms, the replacement process, and the requirements for members. The board may change these requirements from time to time as necessary.

Subd. 3. [FOUNDATION PROGRAMS.] The foundation may develop programs or sponsor activities to increase the participation and achievement of students in elementary and secondary science and mathematics education. These may include, but are not limited to:

(1) advancing educational policies and practices that promote mathematical and scientific literacy for all Minnesota students;

(2) strengthening the preparation of new teachers of science and mathematics and expanding the knowledge and skills of practicing teachers throughout their careers;

(3) increasing public knowledge of and support for high standards and the importance of quality science and mathematics education for all Minnesota students; and

(4) coordinating the communication between various providers of focused instruction in science and mathematics.

Subd. 4. [POWERS AND DUTIES.] The foundation may:

(1) receive money, grants, and in-kind goods or services from nonstate sources for the purposes of the foundation, without complying with section 7.09, subdivision 1;

(2) enter into contracts subject to chapter 16B;

(3) establish, affiliate, or enter into agreements with a separate nonprofit corporation under Minnesota and federal law to discharge its duties and responsibilities as set forth herein, subject to the provisions of chapter 317A; and

(4) determine procedures and expenditures for making grants to educational institutions and nonprofit organizations in furtherance of the foundation's purpose.

Subd. 5. [FOUNDATION STAFF.] The foundation board shall appoint the executive director of the foundation to serve in the unclassified service. The executive director shall perform duties and have responsibilities prescribed by the foundation board. The foundation shall employ staff, retain consultants, and execute agreements with other parties necessary to carry out the purpose of the foundation. The employees shall serve in the unclassified service and be supervised by the executive director.

Subd. 6. [PRIVATE FUNDING.] The foundation may seek private or federal resources to supplement the available public money. All money received shall be administered by the board of directors.

Subd. 7. [APPROPRIATION.] There shall be annually appropriated to the foundation all amounts received by the foundation pursuant to this section. Any money appropriated to the department of education for the purposes of the foundation shall be transferred to the foundation during the biennium for which it was appropriated. Any balance in the first year does not cancel but is available in the second year. The department of education shall act as a fiscal agent for the foundation.

Sec. 4. [121.614] [MATHEMATICS AND SCIENCE GRANTS FOR INSTRUCTIONAL SCHOLARSHIPS.]

Subdivision 1. [ELIGIBILITY.] The Minnesota science and mathematics foundation may make funds for scholarships available to a school designed and established for advanced instruction in mathematics, science, and technology, if it meets the following conditions:

(1) is operated by a nonprofit, nonsectarian corporation formed under chapter 317A;

(2) the operating corporation offers a residential program;

(3) each year, to the extent applications allow, residential students from the state must be selected equally from each congressional district;

(4) the school is financially responsible for all educational programs required of students;

(5) required educational programs not directly provided by the school must be provided through contract with other educational agencies without additional charge to students; and

(6) any additional fees for residential or other purposes charged to scholarship recipients must not exceed the amount charged under section 129C.10, subdivision 3, paragraphs (n) and (o).

Subd. 2. [SCHOLARSHIPS.] Scholarships for students attending the school are available up to

an amount equal to the sum of the costs of instruction and residential programs per pupil calculated as if the pupil were attending the program under chapter 129C, less the revenue received for the student under subdivision 3. The amount of the scholarship may differ, based on the residential status of the student. The amount determined under chapter 129C shall be computed by the board established under that chapter.

Subd. 3. [GENERAL EDUCATION.] The school shall receive revenue for all students enrolled at the school in the same way as revenue is paid under section 124.248, subdivisions 1 and 2. The payment schedule shall be the same as under section 124.248, subdivision 4, paragraph (a).

Sec. 5. Minnesota Statutes 1994, section 124.91, subdivision 5, is amended to read:

Subd. 5. [INTERACTIVE TELEVISION.] (a) A school district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may apply to the commissioner of education for ITV revenue up to the greater of .5 percent of the adjusted net tax capacity of the district or $25,000 for the construction, maintenance, and lease costs of an interactive television system for instructional purposes. The approval by the commissioner of education and the application procedures set forth in subdivision 1 shall apply to the revenue in this subdivision. In granting the approval, the commissioner must consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable; to

(2) 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

(d) The revenue in the first year after reorganization for a district that has reorganized under section 122.22, 122.23, or 122.241 to 122.247 shall be the greater of:

(1) the revenue computed for the reorganized district under paragraph (a), or

(2)(i) for two districts that reorganized, 75 percent of the revenue computed as if the districts involved in the reorganization were separate, or

(ii) for three or more districts that reorganized, 50 percent of the revenue computed as if the districts involved in the reorganization were separate.

(e) The revenue in paragraph (d) is increased by the difference between the initial revenue and ITV lease costs for leases that had been entered into by the preexisting districts on the effective date of the consolidation or combination and with a term not exceeding ten years. This increased revenue is only available for the remaining term of the lease. However, in no case shall the revenue exceed the amount available had the preexisting districts received revenue separately.

Sec. 6. [124C.74] [TELECOMMUNICATION ACCESS GRANT AND STATEWIDE COORDINATION.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The purpose of developing a statewide school district telecommunications network is to expand the availability of a broad range of courses and degrees to students throughout the state, to share information resources to improve access, quality, and efficiency, to improve learning, and distance cooperative learning opportunities, and to promote the exchange of ideas among students, parents, teachers, media generalists, librarians, and the public. In addition, through the development of this statewide telecommunications network emphasizing cost-effective, competitive connections, all Minnesotans will benefit by enhancing access to telecommunications technology throughout the state. Network connections for school districts and public libraries will be coordinated and fully

integrated into the existing state telecommunications and interactive television networks to achieve comprehensive and efficient interconnectivity of school districts and libraries to higher education institutions, state agencies, other governmental units, agencies, and institutions throughout Minnesota. A school district may apply to the commissioner for a grant under subdivision 2, and a regional public library may apply under subdivision 3. The Minnesota education telecommunication council established in section 8. shall establish priorities for awarding grants, making grant awards, and being responsible for the coordination of networks.

Subd. 2. [SCHOOL DISTRICT TELECOMMUNICATIONS GRANT.] (a) A school district may apply for a grant under this subdivision to: (1) establish connections among school districts, and between school districts and the MNet statewide telecommunications network administered by the department of administration under section 16B.465; or (2) if such a connection meeting minimum electronic connectivity standards is already established, enhance telecommunications capacity for a school district. The minimum standards of capacity are a 56 kilobyte data line and 768 kilobyte ITV connection, subject to change based on the recommendations by the Minnesota education telecommunications council. A district may submit a grant application for interactive television with higher capacity connections in order to maintain multiple simultaneous connections. To ensure coordination among school districts, a school district must submit its grant application to the council through an organization that coordinates the applications and connections of at least ten school districts or through an existing technology cooperative.

(b) The application must, at a minimum, contain information to document for each applicant school district the following:

(1) that the proposed connection meets the minimum standards and employs an open network architecture that will ensure interconnectivity and interoperability with other education institutions and libraries;

(2) that the proposed connection and system will be connected to MNet through the department of administration under section 16B.465 and that a network service and management agreement is in place;

(3) that the proposed connection and system will be connected to the higher education telecommunication network and that a governance agreement has been adopted which includes agreements between the school district system, a higher education regional council, libraries, and coordinating entities;

(4) the telecommunication vendor, which may be MNet, selected to provide service from the district to an MNet hub or to a more cost-effective connection point to MNet; and

(5) other information, as determined by the commissioner in consultation with the education telecommunications council, to ensure that connections are coordinated, meet state standards and are cost effective, and that service is provided in an efficient and cost-effective manner.

(c) A grant applicant shall obtain a grant proposal for network services from MNet. If MNet is not selected as the vendor, the application must provide the reasons for choosing an alternative vendor. A school district may include, in its grant application, telecommunications access for collaboration with nonprofit arts organizations for the purpose of educational programs, or access for a secondary media center that: (1) is a member of a multitype library system; (2) is open during periods of the year when classroom instruction is occurring; and (3) has licensed school media staff on site.

(d) The Minnesota education telecommunications council shall award grants and the funds shall be dispersed by the commissioner. The highest priority for these grants shall be to bring school districts up to the minimum connectivity standards. The telecommunications council shall also give priority to grant proposals from school districts with fewer than 1,000 students which do not have a data connection. A grant to enhance telecommunications capacity beyond the minimum connectivity standards shall be no more than 75 percent of the maximum grant under this subdivision. Grant applications for minimum connection and enhanced telecommunications capacity grants must be submitted to the commissioner by a coordinating organization including, but not limited to, service cooperatives and education districts. For the purposes of this section, a school district includes charter schools under section 120.064. Based on the award made by the

council, all grants under this subdivision shall be paid by the commissioner directly to a school district, (unless this application requests that the funds be paid to the coordinating agency).

(e) Money awarded under this section may be used only for the purposes explicitly stated in the grant application.

Subd. 3. [REGIONAL LIBRARY TELECOMMUNICATION GRANT.] (a) A regional public library system may apply for a telecommunication access grant. The grant must be used to create or expand the capacity of electronic data access and connect the library system with the MNet statewide telecommunications network administered by the department of administration under section 16B.465. Connections must meet minimum system standards of a 56 kilobyte data line and 768 kilobyte ITV connection. To be eligible for a telecommunications access grant, a regional public library system must: (1) meet the level of local support required under section 134.34; (2) be open at least 20 hours per week; and (3) provide a local match for the grant with local funds under section 134.46.

(b) Any grant award under this subdivision may not be used to substitute for any existing local funds allocated to provide electronic access, or equipment for library staff or the public, or local funds previously dedicated to other library operations.

(c) An application for a regional public library telecommunications access grant must, at a minimum, contain information to document the following:

(1) that the connection meets the minimum standards and employs an open network architecture that will ensure interconnectivity and interoperability with other libraries and the educational system;

(2) that the connection is being established through the most cost-effective means and that the public library has explored and coordinated connections through school districts or other governmental agencies;

(3) that the proposed connection and system will be connected to MNet through the department of administration under section 16B.465 and that a network service and management agreement is in place;

(4) that the proposed connection and system will be connected to the higher education and to the school district telecommunication networks subject to a governance agreement with one or more school districts and a higher education regional council specifying how the system will be coordinated;

(5) the telecommunication vendor, which may be MNet, selected to provide service from the library to an MNet hub or through a more cost-effective connection point to MNet; and

(6) other information, as determined by the commissioner, to ensure that connections are coordinated, meet state standards, are cost effective, and that service is provided in an efficient and cost-effective manner so that libraries throughout the state are connected in as seamless a manner as technically possible.

(d) A grant applicant shall obtain a grant proposal for network services from MNet. If MNet is not selected as the vendor, the application must provide the reasons for choosing an alternative vendor.

Subd. 4. [AWARD OF GRANTS.] The council shall develop application forms and procedures for school district minimum connectivity grants, enhanced telecommunications grants, and regional library telecommunication access grants. The council shall select the grant recipient and shall promptly notify any applicant that is found not to be qualified. The commissioner shall make the grant payments directly to the school district. At the request of the district, the commissioner may make the grant payment directly to the coordinating organization. If appropriations are insufficient to fund all applications, the commissioner shall first fully fund the minimum connectivity grants. Unsuccessful applicants may reapply for a grant.

Sec. 7. Minnesota Statutes 1994, section 237.065, is amended to read:

237.065 [RATES FOR SPECIAL SERVICE TO SCHOOLS.]

Each telephone company, including a company that has developed an incentive plan under section 237.625, that provides local telephone service in a service area that includes a ~~public~~ school that has classes within the range from kindergarten to 12th grade shall provide, upon request, additional service to the school that is sufficient to ensure access to basic telephone service from each classroom and other areas within the school, as determined by the school board. Each company shall set a flat rate for this additional service that is less than the company's flat rate for an access line for a business and the same as or greater than the company's flat rate for an access line for a residence in the same local telephone service exchange. When a company's flat rates for businesses and residences are the same, the company shall use the residential rate for service to schools under this section. The rate required under this section is available only for a school that installs additional service that includes access to basic telephone service from each classroom and other areas within the school, as determined by the school board.

Sec. 8. [MINNESOTA EDUCATION TELECOMMUNICATIONS COUNCIL.]

Subdivision 1. [STATE COUNCIL MEMBERSHIP.] The membership of the Minnesota education telecommunications council established in Laws 1993, First Special Session chapter 2, is expanded to include representatives of elementary and secondary education. The membership shall consist of three representatives from the University of Minnesota; three representatives of the board of trustees for Minnesota state colleges and universities; one representative of the higher education services offices; one representative appointed by the private college council; eight representatives selected by the commissioner of education, at least one of which must come from each of the six higher education telecommunication regions; a representative from the information policy office; one member each from the senate and the house of representatives selected by the subcommittee on committees of the committee on rules and administration of the senate and the speaker of the house; and three representatives of libraries, one representing regional public libraries, one representing multitype libraries, and one representing community libraries, selected by the governor. The council shall:

(1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;

(2) recommend to the commissioner and the legislature by December 15, 1996, a plan for long-term governance and a proposed structure for statewide and regional telecommunications;

(3) recommend educational policy relating to telecommunications;

(4) determine priorities for use;

(5) oversee coordination of networks for post-secondary campuses, K-12 education, and regional and community libraries;

(6) review application for telecommunications access grants under 124C.74 and recommend to the department grants for funding;

(7) determine priorities for grant funding proposals; and

(8) review and make recommendations on the awarding of higher education regional grants for regional coordination grants, regional linkage grants, interregional grants, and grants to connect higher education regions with MNet, St. Paul.

The council shall consult with representatives of the telecommunication industry in implementing this section.

Subd. 2. [DISTRICT COUNCIL MEMBERSHIP.] District organizations that coordinate applications for telecommunication access grants are encouraged to become members of the regional higher education telecommunication council in their area.

Subd. 3. [CRITERIA.] In addition to responsibilities of the council under Laws 1993, First Special Session chapter 2, as amended, the telecommunications council shall evaluate grant applications under section 124C.74 and applications from district organizations using the following criteria:

(1) evidence of cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in the geographic region;

(2) plans for shared classes and programs;

(3) avoidance of network duplication;

(4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;

(5) a plan for development of a list of all courses available in the region for delivery at a distance;

(6) a plan for coordinating and scheduling courses; and

(7) a plan for evaluation of costs, access, and outcomes.

Sec. 9. [ELECTRONIC COST REDUCTION.]

The commissioner of education shall identify methods to reduce the costs of Internet access for school districts. The commissioner shall work in conjunction with MNet, the department of administration, and the telecommunication industry to provide Internet access and long distance phone service at a favorable group rate.

Sec. 10. [FEDERAL MATCHING FUNDS.]

Appropriations under section 6 for telecommunications access grants for school districts and regional public library systems may be counted as matching funds for federal grants to provide telecommunication access.

Sec. 11. [TALENTED STUDENT PROGRAM NEEDS ASSESSMENT.]

The commissioner of education shall conduct a needs assessment to determine whether the talented youth program in south central Minnesota, or a similar program, should be available throughout the state to serve talented junior and senior high school students. The commissioner shall report the findings to the education committees of the legislature by February 1, 1996.

Sec. 12. [INSTRUCTIONAL TRANSFORMATION THROUGH TECHNOLOGY GRANTS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A grant program is established to help school districts work together and with higher education institutions, businesses, local government units, libraries, and community organizations in order to facilitate individualized learning and manage information by employing technological advances, especially computers and related products. Recipients shall use grant proceeds to:

(1) enhance teaching and learning productivity through the use of technology;

(2) develop individual learner classroom-based teaching and learning systems that can be aggregated into site, district, and state frameworks;

(3) develop personalized learning plans designed to give learners more responsibility for their learning success and change the role of teacher to learning facilitator;

(4) match and allocate resources;

(5) create a curriculum environment that is multiplatform;

(6) provide user and contributor access to electronic libraries;

(7) schedule activities;

(8) automate progress reports;

(9) increase collaboration between school districts and sites, and with businesses, higher education institutions, libraries, and local government units;

(10) correlate state-defined outcomes to curriculum units for each student;

(11) increase accountability through a reporting system; and

(12) provide technical support, project evaluation, dissemination services, and replication.

Subd. 2. [ELIGIBILITY; APPLICATION.] A grant applicant must be a school district or a group of school districts that demonstrates collaboration with libraries, businesses, and higher education institutions. Community organizations and local government units may also be involved. The commissioner of education shall prescribe the form and manner of applications. The commissioner may award grants to applicants likely to meet the outcomes in subdivision 1.

Subd. 3. [REPORTING.] A grant recipient shall report to the commissioner annually at a time specified by the commissioner on the extent to which it is meeting the outcomes specified in subdivision 1.

Sec. 13. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [STATE AGENCY LIBRARIES.] For maintaining and upgrading the online computer-based library catalog system in state agency libraries:

$40,000	.....	1996
$40,000	.....	1997

Any balance in the first year does not cancel and is available in the second year. These amounts are added to amounts included in the appropriation for the department of education budget that are for the same purpose.

Subd. 3. [INFORMS GRANTS.] For grants to continue the internet access for Minnesota schools project (InforMNS):

$400,000	.....	1996
$400,000	.....	1997

Subd. 4. [SCIENCE AND MATHEMATICS FOUNDATION.] For transfer to the foundation under section 121.613:

$1,650,000	.....	1996
$1,650,000	.....	1997

$168,100 of the appropriation in 1996 and $336,000 of the appropriation in 1997 must be available for scholarships under section 121.614. The department shall assess the adequacy of this scholarship support and include this information in the budget documents for the 1998-99 biennium. $30,000 of the appropriation in 1996 and $30,000 in 1997 is for the south central Minnesota talented youth program.

The board of directors of SciMath MN shall be the initial board of directors of the foundation.

Subd. 5. [ITV LEVY AID.] For ITV levy aid:

$2,573,000	.....	1996
$3,814,000	.....	1997

The 1996 appropriation includes $473,000 for 1995 and $2,100,000 for 1996.

The 1997 appropriation includes $370,000 for 1996 and $3,444,000 for 1997.

Subd. 6. [INSTRUCTIONAL TRANSFORMATION THROUGH TECHNOLOGY GRANTS.] For grants according to section 12:

$3,806,000	.....	1996

$3,806,000 1997

The commissioner shall give priority to grant applicants that match private sector contributions, involve multiple school districts, and involve graduation rule pilot sites.

Subd. 7. [LIBRARY TELECOMMUNICATION AID.] For grants to regional public libraries to support electronic data access according to Minnesota Statutes, section 134.46.

$1,000,000 1996

This appropriation is available until June 30, 1997.

Subd. 8. [TECHNOLOGY REVENUE.] For grants to school districts and regional public library systems according to Minnesota Statutes, section 124C.74.

$5,500,000 1996

$5,000,000 1997

Sec. 14. [REPEALER.]

Laws 1993, First Special Session chapter 2, article 5, section 1, is repealed.

Laws 1993, First Special Session chapter 2, article 5, section 2, as amended by Laws 1994, chapter 532, article 2, section 13, is repealed.

ARTICLE 13

BUDGET RESERVE

Section 1. Minnesota Statutes 1994, section 16A.152, is amended by adding a subdivision to read:

Subd. 1a. [BUDGET RESERVE.] A budget reserve account is created in the general fund in the state treasury. The commissioner of finance shall transfer to the budget reserve account on July 1 of each odd-numbered year any amounts specifically appropriated by law to the budget reserve.

Sec. 2. Minnesota Statutes 1994, section 16A.152, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL REVENUES; PRIORITY.] If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget reserve ~~and cash flow account~~ until the total amount in the account ~~equals five percent of total general fund appropriations for the current biennium as established by the most recent legislative session. Beginning July 1, 1993, forecast unrestricted budgetary general fund balances are first appropriated to restore the budget reserve and cash flow account to $500,000,000~~ is $220,000,000. Additional biennial unrestricted budgetary general fund balances available after November 1 of every odd-numbered calendar year are appropriated in January of the following year to reduce the property tax levy recognition percent under section 121.904, subdivision 4a, to zero before additional money beyond ~~$500,000,000~~ $220,000,000 is allocated to the budget reserve ~~and cash flow~~ account. ~~$180,000,000 of the budget reserve and cash flow account shall be dedicated to elementary and secondary education.~~

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

Sec. 3. Minnesota Statutes 1994, section 16A.152, subdivision 4, is amended to read:

Subd. 4. [REDUCTION.] (a) If the commissioner determines that probable receipts for the general fund will be less than anticipated, and that the amount available for the remainder of the biennium will be less than needed, the commissioner shall, with the approval of the governor, and after consulting the legislative advisory commission, reduce the amount in the budget reserve ~~and cash flow~~ account as needed to balance expenditures with revenue.

(b) An additional deficit shall, with the approval of the governor, and after consulting the

legislative advisory commission, be made up by reducing unexpended allotments of any prior appropriation or transfer. Notwithstanding any other law to the contrary, the commissioner is empowered to defer or suspend prior statutorily created obligations which would prevent effecting such reductions.

(c) If the commissioner determines that probable receipts for any other fund, appropriation, or item will be less than anticipated, and that the amount available for the remainder of the term of the appropriation or for any allotment period will be less than needed, the commissioner shall notify the agency concerned and then reduce the amount allotted or to be allotted so as to prevent a deficit.

(d) In reducing allotments, the commissioner may consider other sources of revenue available to recipients of state appropriations and may apply allotment reductions based on all sources of revenue available.

(e) In like manner, the commissioner shall reduce allotments to an agency by the amount of any saving that can be made over previous spending plans through a reduction in prices or other cause.

Sec. 4. [BUDGET RESERVE.]

$174,000,000 is appropriated from the general fund for transfer by the commissioner of finance to the budget reserve account created in Minnesota Statutes, section 16A.152. In addition, the commissioner of finance shall transfer to the budget reserve account on July 1, 1995, any unrestricted general fund budgetary balance forecast for fiscal year 1997. The transfer shall be based on the forecast unrestricted budgetary balance at the end of the 1995 legislative session after giving effect to all tax, revenue, and appropriation laws enacted in the 1995 session."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Pogemiller then moved to amend the Pogemiller amendment to H.F. No. 1567, adopted by the Senate May 22, 1995, as follows:

Page 302, after line 24, insert:

"ARTICLE 14

POLICY CHANGES AND BUDGET PREPARATION

Section 1. Minnesota Statutes 1994, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A prekindergarten pupil with a disability who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(c) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 875.

(d) A kindergarten pupil with a disability who is enrolled in a program approved by the

commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(e) A kindergarten pupil who is not included in paragraph (d) is counted as .515 of a pupil unit for fiscal year 1994 and .53 of a pupil unit for fiscal year 1995 and thereafter.

(f) A pupil who is in any of grades 1 to 6 is counted as 1.03 pupil units for fiscal year 1994 and 1.06 pupil units for fiscal year 1995 and thereafter.

(g) For fiscal year 1996 and fiscal year 1997, a pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units. For fiscal year 1998 and later years, a pupil who is in any of grades 7 to 12 is counted as 1.18 pupil units.

(h) For fiscal year 1996 and fiscal year 1997, a pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units. For fiscal year 1998 and later years, a pupil who is in the post-secondary enrollment options program is counted as 1.18 pupil units.

Sec. 2. [FISCAL YEAR 1998 AND 1999 APPROPRIATIONS.]

The appropriations for the 1998-99 biennium for programs contained in this bill will be $2,943,900,000 for fiscal year 1998 and $3,076,600,000 for fiscal year 1999, plus or minus any adjustments due to variance in pupil forecasts, levies, or other factors generating entitlements for the general revenue program. These amounts will first be allocated to fully fund the general revenue program. Amounts remaining will be allocated to other programs in proportion to the fiscal year 1997 appropriations or to entitlements generated by existing law for those programs for each year, up to the amount of the entitlement or the fiscal year 1997 appropriations. Any amounts remaining after allocation to these other programs shall be maintained for allocation recommendations by the governor and legislature in the 1997 session."

The motion prevailed. So the amendment to the amendment was adopted.

Ms. Ranum moved to amend the first Pogemiller amendment to H.F. No. 1567, adopted by the Senate May 22, 1995, as follows:

Page 302, after line 24, insert:

"ARTICLE 14

DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING

Section 1. [119A.01] [ABOLISHMENT; ESTABLISHMENT; PURPOSE; AND GOALS.]

Subdivision 1. [ABOLISHMENT.] The position of commissioner of education and the department of education are abolished. The employees of the department of education are transferred to the department of children, families, and learning under section 15.039, subdivision 7.

Subd. 2. [ESTABLISHMENT.] The department of children, families, and learning is established.

Subd. 3. [PURPOSE.] The purpose in creating the department is to increase the capacity of Minnesota communities to measurably improve the well-being of children and families by:

(1) coordinating and integrating state funded and locally administered family and children program;

(2) improving flexibility in the design, funding, and delivery of programs affecting children and families;

(3) providing greater focus on strategies designed to prevent problems affecting the well-being of children and families;

(4) enhancing local decision-making, collaboration and the development of new governance models;

(5) improving public accountability through the provision of research, information, and the development of measurable program outcomes;

(6) increasing the capacity of communities to respond to the whole child by improving the ability of families to gain access to services;

(7) encouraging all members of a community to nurture all the children in the community; and

(8) supporting parents in their dual roles as breadwinners and parents.

Subd. 4. [GOALS.] The goals of the department are to:

(1) ensure that families provide a stable environment for their children;

(2) ensure that children are physically, emotionally, and intellectually healthy;

(3) ensure that communities are safe, friendly, and caring environments in which to nurture children;

(4) promote the life-long learning of children from birth to adulthood;

(5) ensure that Minnesotans excel in basic academic skills;

(6) ensure that Minnesotans have the advanced education and training to make them competitive in the global economy; and

(7) ensure that children do not live in poverty.

Sec. 2. [119A.02] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to this chapter.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of children, families, and learning.

Subd. 3. [DEPARTMENT.] "Department" means the department of children, families, and learning.

Subd. 4. [LOCAL GRANTEE.] "Local grantee" means a local unit of government or an agency or organization that receives funds under section 119A.04.

Sec. 3. [119A.03] [COMMISSIONER.]

Subdivision 1. [GENERAL.] The department is under the administrative control of the commissioner. The commissioner is appointed by the governor with the advice and consent of the senate. The commissioner must possess broad knowledge and experience in strengthening children and families. The commissioner has the general powers as provided in section 15.06, subdivision 6.

The commissioner's salary must be established according to the procedure in section 15A.081, subdivision 1, in the same range as that specified for the commissioner of finance.

Subd. 2. [DUTIES OF THE COMMISSIONER.] The commissioner shall:

(1) identify measurable outcomes by which programs administered by the department will be evaluated at the state and local level;

(2) develop linkages with other state departments to ensure coordination and consistent state policies promoting healthy development of children and families;

(3) prepare, in consultation with the children's cabinet, the commission on children, youth, and their families, and affected parties, prior to January 1, 1996, and prior to July 1 of each year thereafter, guidelines governing planning, reporting, and other procedural requirements necessary to administer this chapter;

(4) facilitate inclusive processes when designing or implementing guidelines and strategies to achieve agency goals for children and families listed in section 119A.01, subdivision 3;

(5) facilitate intergovernmental and public-private partnership strategies necessary to implement this chapter;

(6) submit to the federal government, or provide assistance to local governments and organizations in submitting, where appropriate and feasible, requests for federal waivers or recommendations for changes in federal law necessary to carry out the purposes of this chapter;

(7) coordinate review of all plans and other documents required under the guidelines provided for in clause (3);

(8) coordinate development of the management support system components required for implementation of this chapter;

(9) review other programs serving children and families to determine the feasibility for transfer to the department of children, families, and learning or the feasibility of inclusion in the funding consolidation process; and

(10) monitor local compliance with this chapter.

Sec. 4. [119A.04] [TRANSFERS FROM OTHER AGENCIES.]

Subdivision 1. [DEPARTMENT OF HUMAN SERVICES.] The powers and duties of the department of human services with respect to the following programs are transferred to the department of children, families, and learning under section 15.039. The programs needing federal approval to transfer shall be transferred when the federal government grants transfer authority to the commissioner:

(1) children's trust fund under sections 257.80 to 257.807;

(2) the family services and community-based collaboratives under section 121.8355;

(3) the early childhood care and education council under section 256H.195;

(4) the child care programs under sections 256H.01 to 256H.19;

(5) the migrant child care program under section 256.01;

(6) the child care resource and referral program under sections 256H.196 and 256H.20; and

(7) the child care service development program under sections 256H.21 to 256H.24.

Subd. 2. [DEPARTMENT OF ECONOMIC SECURITY.] The powers and duties of the department of economic security with respect to the Head Start program, including Project Cornerstone, under sections 268.912 to 268.916, are transferred to the department of children, families, and learning under section 15.039 on July 1, 1997.

Subd. 3. [OFFICE OF STRATEGIC AND LONG-RANGE PLANNING.] The powers and duties of the office of strategic and long-range planning with respect to the following programs are transferred to the department of children, families, and learning under section 15.039. The programs needing federal approval to transfer shall be transferred when the federal government grants transfer authority to the commissioner:

(1) the information redesign project under section 4A.01;

(2) the action for children activity under section 4A.01;

(3) the teen pregnancy prevention program under section 4A.01; and

(4) the Minnesota children's initiative project under section 4A.01.

Subd. 4. [DEPARTMENT OF CORRECTIONS.] The powers and duties with respect to the following program is transferred to the department of children, families, and learning under section 15.039: child abuse and child victims services under chapter 611A.

Subd. 5. [DEPARTMENT OF PUBLIC SAFETY.] The powers and duties with respect to the following program is transferred to the department of children, families, and learning under section 15.039: drug policy and violence prevention and the community advisory violence prevention councils under sections 299A.29 to 299A.37 and 299A.40.

Subd. 6. [FUNDING FOR TRANSFERRED PROGRAMS.] State appropriations for programs transferred under this section may not be used to replace appropriations for K-12 programs.

Sec. 5. [119A.05] [FUNDING CONSOLIDATION.]

Subdivision 1. [AUTHORITY FOR FUNDING CONSOLIDATION.] Notwithstanding existing law governing allocation of funds by local grantees, mode of service delivery, grantee planning and reporting requirements, and other procedural requirements for the grant programs identified in this section, a local grantee may elect to consolidate all or a portion of funding received from the programs under subdivision 5 in a collaboration funding plan, if all conditions specified in this section are satisfied. County boards, school boards, or governing boards of other grantees may elect not to consolidate funding for a program.

For grantees electing consolidation, the commissioner may, with the approval of the board of government innovation and cooperation, waive all provisions of rules inconsistent with the intent of this section. This waiver authority does not apply to rules governing client protections, due process, or inclusion of clients, parents, cultures, and ethnicities in decision making. Funding to a local grantee must be determined according to the funding formulas or allocation rules governing the individual programs listed in section 119A.04.

Subd. 2. [ACCOUNT.] A consolidated funding account is established under the control of the commissioner of children, families, and learning. The purpose of this account is to clearly identify and provide accountability for funds previously distributed to local grantees through the individual categorical grant programs in subdivision 5. By direction of the commissioner, after consultation with the partnership planning team and, upon a finding that the conditions specified in this section have been satisfied, funds must be transmitted to this account and allocated to local grantees by the commissioner.

Subd. 3. [ELIGIBILITY; ACCOUNTABILITY.] To be eligible to receive funding for local consolidation, as provided for in this section, a grantee must meet the following requirements:

(1) demonstrate participation by counties and schools in a local collaborative process as defined in section 121.8355 or in a similar process of collaboration with other local governments and community organizations which satisfies the governance and planning guidelines published by the commissioner as provided for in this section;

(2) document consultation by counties and schools with community action agencies and other community groups;

(3) complete and document, according to guidelines published by the commissioner, a collaborative planning process which clearly identifies:

(i) allocation of resources in the collaboration annual funding plan;

(ii) a description of the governance structure for the execution of the funding plan;

(iii) outcomes consistent with the statewide goals identified in this chapter and in statutes governing previous categorical funding included in the collaboration funding plan; and

(iv) indicators sufficient to measure improvement or decline in specified outcomes compared to baseline performance;

(4) conduct a public hearing on the funding consolidation plan under section 471.705;

(5) agree to periodically report information concerning progress in addressing outcomes, as provided for in guidelines to be published by the commissioner; and

(6) execute a written agreement between the commissioner and the local grantees setting forth

responsibilities, obligations, and conditions consistent with this section. The agreement must state that the funds that are being locally consolidated will be used collectively only to achieve the objectives of the separate programs being locally consolidated.

Subd. 4. [GEOGRAPHIC AREA.] The geographic area for a local consolidated funding process must be an entire county, a multicounty area, or, with the approval of the county board and commissioner, a subcounty area, if county funds are used. The process may provide for coordination of service delivery in jurisdictions that extend across county boundaries.

Subd. 5. [PROGRAMS INCLUDED.] Grant programs transferred to the department of children, families, and learning in section 119A.04 and programs transferred from the abolished department of education are eligible for local funding consolidation. Eligibility of any federally funded programs for local funding consolidation is conditioned upon obtaining necessary federal waivers or changes in federal law.

Subd. 6. [ENTRY INTO PROGRAM.] Grantees who meet all requirements of this section may elect to begin using funding for a local consolidated funding process beginning January 1, 1996, or at each six-month interval. Other local grantess that meet all requirements of this section may elect to begin using funding for a local consolidation funding process beginning July 1, 1996, or at each six-month interval.

Subd. 7. [SANCTIONS.] If the commissioner finds that a grantee has failed to comply with this section, the grantee becomes subject to all requirements of individual grant programs as specified in statutes and rules.

Sec. 6. Minnesota Statutes 1994, section 256F.13, subdivision 1, is amended to read:

Subdivision 1. [FEDERAL REVENUE ENHANCEMENT.] (a) [DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.] The commissioner of human services may enter into an agreement with one or more family services collaboratives to enhance federal reimbursement under Title IV-E of the Social Security Act and federal administrative reimbursement under Title XIX of the Social Security Act. The commissioner may contract with the department of children, families, and learning for purposes of transferring the federal reimbursement to the commissioner of children, families, and learning to be distributed to the collaboratives according to clause (2). The commissioner shall have the following authority and responsibilities regarding family services collaboratives:

(1) the commissioner shall submit amendments to state plans and seek waivers as necessary to implement the provisions of this section;

(2) the commissioner shall pay the federal reimbursement earned under this subdivision to each collaborative based on their earnings. Notwithstanding section 256.025, subdivision 2, payments to collaboratives for expenditures under this subdivision will only be made of federal earnings from services provided by the collaborative;

(3) the commissioner shall review expenditures of family services collaboratives using reports specified in the agreement with the collaborative to ensure that the base level of expenditures is continued and new federal reimbursement is used to expand education, social, health, or health-related services to young children and their families;

(4) the commissioner may reduce, suspend, or eliminate a family services collaborative's obligations to continue the base level of expenditures or expansion of services if the commissioner determines that one or more of the following conditions apply:

(i) imposition of levy limits that significantly reduce available funds for social, health, or health-related services to families and children;

(ii) reduction in the net tax capacity of the taxable property eligible to be taxed by the lead county or subcontractor that significantly reduces available funds for education, social, health, or health-related services to families and children;

(iii) reduction in the number of children under age 19 in the county, collaborative service delivery area, subcontractor's district, or catchment area when compared to the number in the base year using the most recent data provided by the state demographer's office; or

(iv) termination of the federal revenue earned under the family services collaborative agreement;

(5) the commissioner shall not use the federal reimbursement earned under this subdivision in determining the allocation or distribution of other funds to counties or collaboratives;

(6) the commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the reporting or other requirements of this subdivision;

(7) the commissioner shall recover from the family services collaborative any federal fiscal disallowances or sanctions for audit exceptions directly attributable to the family services collaborative's actions in the integrated fund, or the proportional share if federal fiscal disallowances or sanctions are based on a statewide random sample; and

(8) the commissioner shall establish criteria for the family services collaborative for the accounting and financial management system that will support claims for federal reimbursement.

(b) [FAMILY SERVICES COLLABORATIVE RESPONSIBILITIES.] The family services collaborative shall have the following authority and responsibilities regarding federal revenue enhancement:

(1) the family services collaborative shall be the party with which the commissioner contracts. A lead county shall be designated as the fiscal agency for reporting, claiming, and receiving payments;

(2) the family services collaboratives may enter into subcontracts with other counties, school districts, special education cooperatives, municipalities, and other public and nonprofit entities for purposes of identifying and claiming eligible expenditures to enhance federal reimbursement, or to expand education, social, health, or health-related services to families and children;

(3) the family services collaborative must continue the base level of expenditures for education, social, health, or health-related services to families and children from any state, county, federal, or other public or private funding source which, in the absence of the new federal reimbursement earned under this subdivision, would have been available for those services, except as provided in subdivision 1, paragraph (a), clause (4). The base year for purposes of this subdivision shall be the four-quarter calendar year ending at least two calendar quarters before the first calendar quarter in which the new federal reimbursement is earned;

(4) the family services collaborative must use all new federal reimbursement resulting from federal revenue enhancement to expand expenditures for education, social, health, or health-related services to families and children beyond the base level, except as provided in subdivision 1, paragraph (a), clause (4);

(5) the family services collaborative must ensure that expenditures submitted for federal reimbursement are not made from federal funds or funds used to match other federal funds. Notwithstanding section 256B.19, subdivision 1, for the purposes of family services collaborative expenditures under agreement with the department, the nonfederal share of costs shall be provided by the family services collaborative from sources other than federal funds or funds used to match other federal funds;

(6) the family services collaborative must develop and maintain an accounting and financial management system adequate to support all claims for federal reimbursement, including a clear audit trail and any provisions specified in the agreement; and

(7) the family services collaborative shall submit an annual report to the commissioner as specified in the agreement.

Sec. 7. [PARTNERSHIP PLANNING TEAM AND FAMILY ADVISORY GROUP.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of children, families, and learning shall select not more than 15 persons knowledgeable about serving children and families to serve on the partnership planning team.

The partnership planning team must include representatives from community-based organizations serving primarily communities of color, county boards, school boards, community action agencies, and parents, representing a broad cross-section of income groups, racial and ethnic groups, and ages of children.

Subd. 2. [DUTIES.] The team shall advise the commissioner in the following areas:

(1) structure of the department;

(2) appropriate department advisory board structure;

(3) the appropriateness of specific applications for funding consolidation and the consistency of those applications with the purposes of chapter 119A;

(4) potential funding reductions; and

(5) technical refinements to the legislation establishing the new department and funding consolidation.

Subd. 3. [REPORT.] The team must also provide a report to the 1996 legislature that describes the new department structure, provides a summary of the ways in which the department is fulfilling the purposes and achieving the goals specified in Minnesota Statutes, section 119A.01, and provides a recommendation for technical refinements related to the legislation creating the department.

Sec. 8. [DEMONSTRATION PROJECT; ALLOWING CONSOLIDATION OF COUNTY PLANS.]

Subdivision 1. [AUTHORIZATION FOR DEMONSTRATION PROJECT.] The commissioners of human services; corrections; health; and children, families, and learning shall allow counties to consolidate the plans required under Minnesota Statutes, chapters 145A, 256E, and 401, into one plan, to be submitted to those commissioners.

Subd. 2. [DUTIES OF COMMISSIONERS.] The several commissioners shall work together and shall work with the counties participating in the pilot project when developing the single county plan. Each commissioner shall also provide technical assistance to the county, if requested by the county.

Subd. 3. [INTEGRATED COUNTY PLANNING.] The counties participating in the pilot project may submit one plan consolidating the community health, community social services, and community corrections plans required under Minnesota Statutes, chapters 145A, 256E, and 401, respectively. County boards, corrections advisory boards, community health boards, community action agencies, private industry councils, and school districts shall collaborate in planning for and providing a continuum of services in each county.

Subd. 4. [COUNTY PLAN.] The plan must comply with federal requirements. The plan may be submitted to the commissioners by computer. The plan must be a three-part plan in that it must provide a summary of:

(1) intra-county collaboration;

(2) collaboration with other service providers; and

(3) collaboration with local nonprofit organizations, including churches and ecumenical organizations.

The two parts of the plan shall each provide information on the existence or nonexistence of efforts to integrate funding, collaborate governance, cross-train, coordinate information gathering and management, and provide a one-stop service center or community-based service delivery system to improve the provision of services offered to children and families. The plan must also address the barriers to collaboration.

Subd. 5. [COMMISSIONERS' REPORT.] For purposes of this section, the several commissioners shall provide one consolidated report to the legislature by January 1, 1996. The

report shall evaluate the pilot counties' single plan and shall provide the advantages and problems with consolidating the plans.

Sec. 9. [REPORT ON STRUCTURE OF AGENCIES.]

The commissioner of administration in separate consultation with the commissioners of the departments of human services, health, corrections, public safety, housing finance, and the office of strategic and long-range planning shall prepare a report by February 15, 1996, examining the organization of programs remaining in those departments after transfer of the programs identified in this bill, and identifying alternative organizational structures that may be more effective and efficient than the organization prior to the transfer.

Sec. 10. [WORKER PROVISIONS.]

Subdivision 1. [LEGISLATIVE FINDINGS.] The legislature finds that the reorganization of state agencies, including the abolishment of agencies or their functions and the merger of agency functions to the extent possible, makes the best use of affected agency employees and improves the direct service capabilities of state employees to provide public services to citizens of the state and to customers of the agency. To assure that quality services are delivered to citizens of Minnesota, appointing authorities shall comply with this section.

Subd. 2. [RESTRUCTURING PROVISIONS.] The restructuring of agencies required by this act must be conducted in accordance with Minnesota Statutes, sections 15.039 and 43A.045.

Subd. 3. [WORKER PARTICIPATION COMMITTEES.] (a) After the commissioner-designate of children, families, and learning has been appointed, before the restructuring of executive branch agencies under this act, a labor and management committee including representatives of employees and employers must be established and given adequate time to perform the activities prescribed by paragraph (b). Each exclusive representative of employees shall select a committee member from each of its bargaining units in each affected agency. The head of each agency shall select an employee member from each unit of employees not represented by an exclusive representative. The agency head shall also appoint one or more committee members to represent the agency. The number of members appointed by the agency head, however, may not exceed the total number of members selected by exclusive representatives. The labor and management committee must be participatory and nonauthoritarian. Exclusive representatives must be directly involved in the work of the committee.

(b) The committee established under paragraph (a) shall:

(1) in cooperation with the commissioner of education and the commissioner-designate, review and reevaluate the powers and duties of the department of education and identify those that are consistent with the purpose and goals of the department of children, families, and learning;

(2) identify tasks related to agency reorganization and adopt plans for addressing those tasks;

(3) identify other employer and employee issues related to reorganization and adopt plans for addressing those issues;

(4) adopt plans for implementing this act, including detailed plans for providing retraining for affected employees; and

(5) guide the implementation of the reorganization.

Subd. 4. [EMPLOYEE JOB SECURITY.] The head of an agency that is scheduled to be restructured shall meet and negotiate with the exclusive representatives of affected employees of the agency in the event that employees are at risk of being laid off due to restructuring or significant change in the activities of the agency. Bargaining under this subdivision must have as its purpose the achievement of the highest possible degree of public service delivery to the citizens of Minnesota and the provision of appropriate incentives to state employees. Incentives may include, but are not limited to, early retirement incentives, negotiated options in place of layoff, methods to mitigate layoffs and the effect of layoffs, job training and retraining opportunities, and enhanced severance.

Subd. 5. [EMPLOYEE TRAINING AND RETRAINING.] The legislature recognizes that a well-trained and well-educated work force is needed to provide effective and efficient public service delivery and that training and retraining of state employees is a priority when merger and reorganization of state agencies occur. The labor and management committee required by subdivision 2 shall determine the employee training and retraining required because of agency reorganization. Employees whose job duties are affected by reorganization must be given the opportunity to take part in training or retraining for the new job duties. Existing employees must be trained or retrained for agency positions before new hiring takes place.

Sec. 11. [APPOINTMENT; TRANSFERS OF EDUCATION FUNCTIONS.]

By July 1, 1995, the governor shall appoint a commissioner-designate of the department of children, families, and learning. The person appointed becomes the governor's appointee as commissioner on the effective date of Minnesota Statutes, sections 119A.01, subdivision 2, and 119A.03. The commissioner-designee, in cooperation with the commissioner of education, shall review and reevaluate the powers and duties of the department of education and identify those that are consistent with the purpose and goals of the department of children, families, and learning. The functions identified by the commissioner-designate are transferred to the department of children, families, and learning under Minnesota Statutes, section 15.039, effective October 1, 1995.

Sec. 12. [REPORT ON INTEGRATION WITH OTHER INCOME MAINTENANCE AND ECONOMIC SECURITY PROGRAMS.]

The children's cabinet and the legislative commission on children, youth, and families shall prepare a report by November 15, 1996, examining the integration of programs in the department of children, families, and learning with income maintenance and economic security programs operated by other departments. The report shall make recommendations on the appropriate agency placement of the income maintenance and economic security programs reviewed.

Sec. 13. [REVISOR INSTRUCTION.]

The revisor of statutes shall identify in Minnesota Statutes and Minnesota Rules all references to the commissioner of education and the department of education and shall make the following terminology changes:

(1) all references to the commissioner of education shall be changed to the commissioner of children, families, and learning;

(2) all references to the department of education shall be changed to the department of children, families, and learning;

(3) all references involving the commissioner of education shall be rewritten to give all relevant responsibilities or authorities to the commissioner of children, families, and learning; and

(4) all references to the programs being transferred to the department of children, families, and learning to reflect that those programs are under the jurisdiction of the commissioner of children, families, and learning.

The revisor shall prepare a report for the 1996 legislature showing where these changes were made.

The changes identified by the revisor shall be made effective October 1, 1995, pursuant to the effective date in section 15.

Sec. 14. [REPEALER.]

Laws 1995, chapter 207, article 1, section 9, subdivision 3, is repealed.

Sec. 15. [EFFECTIVE DATE.]

Section 1, subdivision 1 (Abolishment), is effective September 30, 1995. Section 1, subdivisions 2 (Establishment) and 3 (Purpose), and sections 2 (Definitions), 3 (Commissioner), 5 (Funding Consolidation), 7 (Partnership Team), and 13 (Revisor Instruction), are effective

October 1, 1995. Section 4 (Transfers) is effective July 1, 1996. Sections 8 (Demonstration Project) and 10 (Worker Provisions) are effective July 1, 1995. Section 11 (Appointment; Transfers of Education Functions) is effective the day following final enactment."

Renumber the articles in sequence and correct the internal references

The motion prevailed. So the amendment to the amendment was adopted.

Ms. Olson moved to amend the Ranum amendment to H.F. No. 1567, adopted by the Senate May 22, 1995, as follows:

Page 2, delete lines 1 to 13

The motion prevailed. So the amendment to the amendment was adopted.

H.F. No. 1567 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 42 and nays 18, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Kroening	Oliver	Samuelson
Beckman	Janezich	Laidig	Pappas	Solon
Belanger	Johnson, D.E.	Langseth	Piper	Spear
Chandler	Johnson, D.J.	Larson	Pogemiller	Terwilliger
Chmielewski	Johnson, J.B.	Lesewski	Ranum	Vickerman
Cohen	Kleis	Moe, R.D.	Reichgott Junge	Wiener
Day	Knutson	Mondale	Robertson	
Flynn	Kramer	Morse	Runbeck	
Frederickson	Krentz	Novak	Sams	

Those who voted in the negative were:

Berg	Johnston	Limmer	Murphy	Riveness
Berglin	Kelly	Marty	Neuville	Scheevel
Betzold	Kiscaden	Merriam	Pariseau	
Hanson	Lessard	Metzen	Price	

So the bill, as amended, was passed and its title was agreed to.

Mr. Moe, R.D. moved that H.F. No. 1837 be taken from the table. The motion prevailed.

H.F. No. 1837: A bill for an act relating to the organization and operation of state government; reducing 1995 appropriations.

H.F. No. 1837 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Novak	Runbeck
Beckman	Janezich	Larson	Oliver	Sams
Belanger	Johnson, D.E.	Lesewski	Olson	Samuelson
Berglin	Johnson, D.J.	Lessard	Ourada	Scheevel
Betzold	Johnson, J.B.	Limmer	Pappas	Solon
Chandler	Johnston	Marty	Pariseau	Spear
Chmielewski	Kelly	Merriam	Piper	Terwilliger
Cohen	Kiscaden	Metzen	Pogemiller	Vickerman
Day	Kleis	Moe, R.D.	Price	Wiener
Finn	Knutson	Mondale	Ranum	
Flynn	Kramer	Morse	Reichgott Junge	
Frederickson	Krentz	Murphy	Riveness	
Hanson	Laidig	Neuville	Robertson	

Mr. Berg voted in the negative.

So the bill, as amended, was passed and its title was agreed to.

S.F. No. 621 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 621

A bill for an act relating to game and fish; establishing hunting heritage week; designating mute swans as unprotected birds; providing procedures for seizure and confiscation of property; clarifying terms of short-term angling licenses; removing certain requirements relating to fish taken in Canada; specifying the areas in which deer may be taken under a license to take antlered deer in more than one zone; modifying reporting requirements; modifying hours for taking certain animals; modifying provisions relating to trapping; providing for posting of waters to prohibit fishing or motorboat operation; adjusting opening and closing dates of various seasons for taking fish; expanding the requirement to possess a trout and salmon stamp; modifying northern pike length limits; changing the date by which fish houses and dark houses must be removed from the ice in certain areas; authorizing the use of floating turtle traps; removing time limits on sale of fish by commercial licensees; requiring a plan for a firearms safety program; authorizing certain stocking activities; amending Minnesota Statutes 1994, sections 97A.015, subdivisions 28 and 52; 97A.221; 97A.451, subdivision 3; 97A.475, subdivisions 6 and 7; 97A.531, subdivision 1; 97B.061; 97B.075; 97B.301, by adding a subdivision; 97B.931; 97C.025; 97C.305, subdivision 1; 97C.345, subdivisions 1, 2, and 3; 97C.355, subdivision 7; 97C.371, subdivision 4; 97C.395, subdivision 1; 97C.401, subdivision 2; 97C.605, subdivision 3; and 97C.821; proposing coding for new law in Minnesota Statutes, chapter 10; repealing Minnesota Statutes 1994, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; and 97B.301, subdivision 5.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 621, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 621 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [10.51] [HUNTING HERITAGE WEEK.]

The week beginning the third Monday in September is an official week of observance to commemorate the state's valued heritage of hunting game animals. During this week, all residents of the state are urged to:

(1) reflect on hunting as an expression of our culture and heritage;

(2) acknowledge that it is our community of sportsmen, sportswomen, and hunters who have made the greatest contributions to the establishment of current game animal populations; and

(3) celebrate this culture and heritage in all lawful ways.

Sec. 2. [18.316] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 18.317.

Subd. 2. [ECOLOGICALLY HARMFUL EXOTIC SPECIES.] "Ecologically harmful exotic species" has the meaning given in section 84.967.

Subd. 3. [UNDESIRABLE EXOTIC SPECIES.] "Undesirable exotic species" means ecologically harmful exotic species that have been determined by the commissioner of natural resources to pose a substantial threat to native species in this state.

Subd. 4. [WATERCRAFT.] "Watercraft" means any contrivance used or designed for navigation on water and includes seaplanes.

Subd. 5. [WATER MILFOIL.] "Water milfoil" means Eurasian water milfoil, myriophyllum spicatum.

Subd. 6. [WATERS OF THE STATE.] "Waters of the state" has the meaning given in section 103G.005, subdivision 17.

Subd. 7. [ZEBRA MUSSELS.] "Zebra mussels" means a species of the genus Dreissena.

Sec. 3. Minnesota Statutes 1994, section 18.317, is amended to read:

18.317 [UNDESIRABLE EXOTIC ~~AQUATIC PLANTS OR WILD ANIMALS~~ SPECIES.]

Subdivision 1. [TRANSPORTATION PROHIBITED.] Except as provided in subdivision 2, a person may not transport ~~Eurasian or Northern~~ water milfoil, ~~myriophyllum spicatum or exalbescens,~~ zebra mussels, or undesirable exotic ~~aquatic plants or wild animals identified by the commissioner of natural resources~~ species on a road or highway, as defined in section 160.02, subdivision 7, or on forest roads.

Subd. 1a. [PLACEMENT PROHIBITED.] A person may not ~~intentionally~~ place undesirable exotic ~~aquatic plants or wild animals, as defined in section 84.967,~~ species in public waters within the state.

Subd. 2. [EXCEPTION.] Except as otherwise prohibited by law, a person may transport ~~Eurasian or Northern~~ water milfoil~~, myriophyllum spicatum or exalbescens,~~ or ~~other~~ undesirable exotic ~~aquatic plants or wild animals identified by the commissioner of natural resources~~ species for disposal as part of a harvest or control activity conducted under a permit or as specified by the commissioner.

Subd. 3. [LAUNCHING OF WATERCRAFT WITH ~~EURASIAN OR NORTHERN~~ WATER MILFOIL OR ~~OTHER HARMFUL~~ UNDESIRABLE SPECIES PROHIBITED.] (a) A person may not place a trailer or launch a watercraft into waters of the state if the trailer or watercraft has attached to it ~~Eurasian or Northern~~ water milfoil, zebra mussels, or other undesirable exotic ~~aquatic plants or wild animals identified by the commissioner of natural resources~~ species. A conservation officer or other licensed peace officer may order the removal of ~~Eurasian or Northern~~ water milfoil, zebra mussels, or other undesirable exotic ~~aquatic plants or wild animals identified by the commissioner of natural resources~~ species from a trailer or watercraft before ~~being~~ the trailer or watercraft is placed or launched into waters of the state.

(b) ~~For purposes of this section, the meaning of watercraft includes a float plane and "waters of the state" has the meaning given in section 103G.005, subdivision 17.~~

~~(c)~~ A commercial harvester shall clean aquatic plant harvesting equipment of all aquatic vegetation at a suitable location before launching the equipment in another body of water.

Subd. 3a. [INSPECTION OF WATERCRAFT AND EQUIPMENT.] Watercraft and associated equipment, including weed harvesters, that are removed from any waters of the state that the commissioner of natural resources identifies as being contaminated with Eurasian water milfoil, zebra mussels, or other undesirable exotic aquatic plants or wild animals identified by the commissioner of natural resources, shall be randomly inspected between May 1 and October 15 for a minimum of 10,000 hours by personnel authorized by the commissioner of natural resources. Beginning in calendar year 1994, a minimum of 20,000 hours of random inspections must be conducted per year.

Subd. 4. [ENFORCEMENT.] This section may be enforced by conservation officers under sections 97A.205, 97A.211, and 97A.221, subdivision 1, paragraph (a), clause (1), and by other licensed peace officers.

Subd. 5. [PENALTY.] A person who violates subdivision 1, 1a, 3, or 3a is guilty of a misdemeanor. A person who refuses to obey the order of a peace officer or conservation officer to remove ~~Eurasian or Northern~~ water milfoil, zebra mussels, or other undesirable exotic ~~aquatic plants or wild animals~~ species from a trailer or watercraft is guilty of a misdemeanor.

Sec. 4. Minnesota Statutes 1994, section 84.796, is amended to read:

84.796 [PENALTIES.]

(a) A person who violates a provision of section 84.788, 84.789, 84.792, 84.793, or 84.795 is guilty of a misdemeanor.

(b) A person who violates a provision of a rule adopted under section 84.79 is guilty of a petty misdemeanor.

Sec. 5. Minnesota Statutes 1994, section 84.81, is amended by adding a subdivision to read:

Subd. 12. [COLLECTOR SNOWMOBILE.] "Collector snowmobile" means a snowmobile that is 25 years old or older, was originally produced as a separate identifiable make by a manufacturer, and is owned and operated solely as a collectors item.

Sec. 6. Minnesota Statutes 1994, section 84.82, subdivision 6, is amended to read:

Subd. 6. [EXEMPTIONS.] ~~No~~ Registration ~~hereunder shall be~~ is not required under this section for ~~the following described snowmobiles~~:

~~(a) snowmobiles~~ (1) a snowmobile owned and used by the United States, another state, or a political subdivision thereof~~.~~;

~~(b) snowmobiles~~ (2) a snowmobile registered in a country other than the United States temporarily used within this state~~.~~;

~~(c) snowmobiles~~ (3) a snowmobile that is covered by a valid license of another state and ~~which have~~ has not been within this state for more than 30 consecutive days~~.~~;

~~(d) snowmobiles~~ (4) a snowmobile used exclusively in organized track racing events~~.~~;

~~(e) snowmobiles~~ (5) a snowmobile in transit by a manufacturer, distributor, or dealer; or

(6) a snowmobile at least 15 years old in transit by an individual for use only on land owned or leased by the individual.

Sec. 7. Minnesota Statutes 1994, section 84.82, is amended by adding a subdivision to read:

Subd. 7a. [COLLECTOR SNOWMOBILES.] The commissioner may issue a special permit to a person or organization to operate or transport a collector snowmobile without registration in parades or organized group outings, such as races, rallies, and other promotional events and for up to ten days each year for personal transportation. The commissioner may impose a reasonable restriction on a permittee and may revoke, amend, suspend, or modify a permit for cause.

Sec. 8. Minnesota Statutes 1994, section 84.92, subdivision 8, is amended to read:

Subd. 8. [ALL-TERRAIN VEHICLE.] "All-terrain vehicle" or "vehicle" means a motorized flotation-tired vehicle of not less than three low pressure tires, but not more than six tires, that is limited in engine displacement of less than 800 cubic centimeters and total dry weight less than ~~600~~ 800 pounds.

Sec. 9. Minnesota Statutes 1994, section 84.968, subdivision 1, is amended to read:

Subdivision 1. [MANAGEMENT PLAN.] (a) By January 1, 1993, a long-term statewide ecologically harmful exotic species management plan must be prepared by the commissioner of natural resources and address the following:

(1) coordinated detection and prevention of accidental introductions;

(2) coordinated dissemination of information about ecologically harmful exotic species among resource management agencies and organizations;

(3) a coordinated public awareness campaign regarding ecologically harmful exotic animals and aquatic plants;

(4) a process~~, where none exists,~~ for the commissioner to ~~designate~~ identify and ~~classify~~ list appropriate or certain ecologically harmful exotic species ~~into the following categories:~~ as

~~(i)~~ undesirable ~~wild animals that must not be sold, propagated, possessed, or transported; and~~

~~(ii) undesirable aquatic exotic plants~~ exotic species that must not be sold, propagated, possessed, or transported except under permit;

(5) coordination of control and eradication of ecologically harmful exotic species on public lands and public waters; and

(6) development of a list of exotic wild animal species intended for nonagricultural purposes, or propagation for release by state agencies or the private sector.

(b) The plan prepared under paragraph (a) must include containment strategies that include:

(1) participation by lake associations, local citizen groups, and local units of government in the development and implementation of lake management plans;

(2) a reasonable and workable inspection requirement for boats and equipment participating in organized events on waters of the state;

(3) allowing access points infested with ecologically harmful exotic species to be closed, for not more than a total of seven days during an open water season, for control or eradication purposes, and requiring posting of signs stating the reason for closing the access;

(4) provisions for reasonable weed-free maintenance of public accesses to infested waters; and

(5) notice to travelers of the penalties for violation of laws relating to ecologically harmful exotic species.

Sec. 10. Minnesota Statutes 1994, section 84.9691, is amended to read:

84.9691 [RULEMAKING AND PERMITS.]

Subdivision 1. [RULES.] (a) The commissioner of natural resources may adopt emergency and permanent rules restricting the introduction, propagation, use, possession, and spread of ecologically harmful exotic species in the state, as outlined in section 84.967. ~~The emergency rulemaking authority granted in this paragraph expires July 1, 1994.~~

(b) The commissioner shall adopt rules to identify bodies of water with limited infestation of Eurasian water milfoil. The areas that are infested, and where control is planned, shall be marked and prohibited for use.

(c) A violation of a rule adopted under this section is a misdemeanor.

Subd. 2. [PERMITS.] The commissioner may issue permits regulating the propagation, possession, taking, or transportation of undesirable exotic species for disposal, research, education, or control purposes. The commissioner may place conditions on the permit and may deny, modify, suspend, or revoke a permit.

Sec. 11. Minnesota Statutes 1994, section 84.9692, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] After appropriate training, conservation officers, peace officers, and other staff designated by the commissioner may issue warnings or citations to persons who:

(1) unlawfully transport ~~ecologically harmful~~ water milfoil or undesirable exotic species on a public road;

(2) place a trailer or launch a watercraft with ~~ecologically harmful~~ undesirable exotic species attached into waters of the state;

(3) operate a watercraft in a marked Eurasian water milfoil limited infestation area; or

(4) damage, remove, or sink a buoy marking a Eurasian water milfoil infestation area.

Sec. 12. Minnesota Statutes 1994, section 84.9692, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITIONS.] For the purposes of this section, "undesirable exotic species," "water milfoil," "watercraft," "waters of the state," and "zebra mussels" have the meanings given them in section 18.317.

Sec. 13. Minnesota Statutes 1994, section 84.9692, subdivision 2, is amended to read:

Subd. 2. [PENALTY AMOUNT.] A citation issued under this section may impose up to the following penalty amounts:

(1) $50 for transporting visible ~~Eurasian~~ water milfoil on a public road ~~in each of the following locations:~~

~~(i) the exterior of the watercraft below the gunwales including the propulsion system;~~

~~(ii) any surface of a watercraft trailer;~~

~~(iii) any surface of a watercraft interior of the gunwales;~~

~~(iv) any water container including live wells, minnow buckets, or coolers which hold water; or~~

~~(v) any other area where visible Eurasian water milfoil is found not previously described in items (i) to (iv);~~

(2) ~~$150~~ $100 for transporting visible zebra mussels ~~on a public road;~~

~~(3) $300 for transporting~~, live ruffe, or live rusty crayfish on a public road;

~~(4)~~ (3) for attempting to ~~launch~~ place or ~~launching into noninfested waters~~ placing a watercraft, trailer, or plant harvesting equipment with visible ~~Eurasian water milfoil or adult~~ zebra mussels attached into waters of the state not identified by the commissioner as infested with zebra mussels, $500 for a first offense and $1,000 for a second or subsequent offense;

~~(5)~~ (4) $100 for operating a watercraft in a marked Eurasian water milfoil limited infestation area other than as provided by law;

~~(6)~~ (5) ~~$150~~ $100 for intentionally damaging, moving, removing, or sinking a milfoil buoy; or

~~(7)~~ (6) ~~$150~~ $200 for ~~launching or attempting to launch into infested waters~~ attempting to place or placing a watercraft, trailer, or plant harvesting equipment with visible ~~Eurasian~~ water milfoil ~~or visible zebra mussels~~ attached into waters of the state.

Sec. 14. Minnesota Statutes 1994, section 86B.401, subdivision 11, is amended to read:

Subd. 11. [SUSPENSION FOR NOT REMOVING WATER MILFOIL OR OTHER UNDESIRABLE EXOTIC SPECIES.] (a) The commissioner, after notice and an opportunity for hearing, may suspend for a period of not more than one year the license of a watercraft if the owner or person in control of the watercraft or its trailer refuses to comply with an inspection order of a conservation officer or other licensed peace officer or an order to remove ~~Eurasian or Northern~~ water milfoil, ~~myriophyllum spicatum or exalbescens,~~ zebra mussels, or ~~other~~ undesirable exotic ~~aquatic plant and wild animal~~ species ~~identified by the commissioner~~ from the watercraft or its trailer as provided in section 18.317, subdivision 3.

(b) For the purposes of this subdivision, "undesirable exotic species," "water milfoil," and "zebra mussels" have the meanings given in section 18.317.

Sec. 15. Minnesota Statutes 1994, section 97A.015, subdivision 12, is amended to read:

Subd. 12. [CONTRABAND.] "Contraband" means:

(1) a wild animal taken, bought, sold, transported, or possessed in violation of the game and fish laws, and all instrumentalities and devices used in taking wild animals in violation of the game and fish laws that are subject to confiscation; and

(2) wild rice and other aquatic vegetation harvested, bought, sold, transported, or possessed in violation of chapter 84.

Sec. 16. Minnesota Statutes 1994, section 97A.015, subdivision 28, is amended to read:

Subd. 28. [MIGRATORY WATERFOWL.] "Migratory waterfowl" means brant, ducks, geese, tundra swans, trumpeter swans, and whooper swans.

Sec. 17. Minnesota Statutes 1994, section 97A.015, subdivision 52, is amended to read:

Subd. 52. [UNPROTECTED BIRDS.] "Unprotected birds" means English sparrow, blackbird, starling, magpie, cormorant, common pigeon, chukar partridge, quail other than bob-white quail, mute swan, and great horned owl.

Sec. 18. Minnesota Statutes 1994, section 97A.045, is amended by adding a subdivision to read:

Subd. 10. [RECIPROCAL AGREEMENTS ON VIOLATIONS.] The commissioner, with the approval of the attorney general, may enter into reciprocal agreements with game and fish authorities in other states and the United States government to provide for:

(1) revocation of the appropriate Minnesota game and fish licenses of Minnesota residents for violations of game and fish laws committed in signatory jurisdictions which result in license revocation in that jurisdiction;

(2) reporting convictions and license revocations of residents of signatory states for violations of game and fish laws of Minnesota to game and fish authorities in the nonresidents state of residence; and

(3) release upon signature without posting of bail for residents of signatory states accused of game and fish law violations in this state, providing for recovery, in the resident jurisdiction, of fines levied if the citation is not answered in this state.

As used in this subdivision, "conviction" includes a plea of guilty or a forfeiture of bail.

Sec. 19. Minnesota Statutes 1994, section 97A.205, is amended to read:

97A.205 [ENFORCEMENT OFFICER POWERS.]

An enforcement officer is authorized to:

(1) execute and serve court issued warrants and processes relating to wild animals, wild rice, public waters, water pollution, conservation, and use of water, in the same manner as a constable or sheriff;

(2) enter any land to carry out the duties and functions of the division;

(3) make investigations of violations of the game and fish laws;

(4) take an affidavit, if it aids an investigation;

(5) arrest, without a warrant, a person who is detected in the actual violation of the game and fish laws, a provision of chapters 84, 84A, 85, 86A, 88 to 97C, 103E, 103F, 103G, sections 86B.001 to 86B,815, 89.51 to 89.61; or 609.66, subdivision 1, clauses (1), (2), (5), and (7); and 609.68; and

(6) take an arrested person before a court in the county where the offense was committed and make a complaint.

Nothing in this section grants an enforcement officer any greater powers than other licensed peace officers.

Sec. 20. Minnesota Statutes 1994, section 97A.221, is amended to read:

97A.221 [SEIZURE AND CONFISCATION OF PROPERTY.]

Subdivision 1. [PROPERTY SUBJECT TO SEIZURE AND CONFISCATION.] (a) An enforcement officer may ~~confiscate~~ seize:

(1) wild animals, wild rice, and other aquatic vegetation taken, bought, sold, transported, or possessed in violation of the game and fish laws or chapter 84; and

(2) firearms, bows and arrows, nets, boats, lines, poles, fishing rods and tackle, lights, lanterns, snares, traps, spears, dark houses, fish houses, and wild rice harvesting equipment that are used with the owner's knowledge to unlawfully take or transport wild animals, wild rice, or other aquatic vegetation and that have a value under $1,000 are subject to this section.

(b) An item described in paragraph (a), clause (2), that has a value of $1,000 or more is subject to the provisions of section 97A.225.

~~(b)~~ (c) An enforcement officer must ~~confiscate~~ seize nets and equipment unlawfully possessed within ten miles of Lake of the Woods or Rainy Lake.

~~(c) Confiscated property may be disposed of, retained for use by the division, or sold at the highest price obtainable as prescribed by the commissioner.~~

Subd. 2. [~~CONFISCATION~~ SEIZURE OF COMMINGLED SHIPMENTS.] A whole shipment or parcel is contraband if two or more wild animals are shipped or possessed in the same container, vehicle, or room, or in any way commingled, and any of the animals are contraband. ~~Confiscation~~ Seizure of any part of a shipment includes the entire shipment.

Subd. 3. [PROCEDURE FOR CONFISCATION OF PROPERTY SEIZED.] The enforcement officer must hold the seized property. The property held may be confiscated when:

(1) the person from whom the property was seized is convicted; or

(2) the property seized is contraband consisting of a wild animal, wild rice, or other aquatic vegetation.

Subd. 4. [DISPOSAL OF CONFISCATED PROPERTY.] Confiscated property may be disposed of or retained for use by the commissioner, or sold at the highest price obtainable as prescribed by the commissioner. Upon acquittal or dismissal of the charged violation for which the property was seized, all property, other than contraband consisting of a wild animal, wild rice, or other aquatic vegetation, must be returned to the person from whom the property was seized.

Sec. 21. Minnesota Statutes 1994, section 97A.401, subdivision 3, is amended to read:

Subd. 3. [TAKING, POSSESSING, AND TRANSPORTING WILD ANIMALS FOR CERTAIN PURPOSES.] (a) Except as provided in paragraph (b), special permits may be issued without a fee to take, possess, and transport wild animals as pets and for scientific, educational, rehabilitative, and exhibition purposes. The commissioner shall prescribe the conditions for taking, possessing, transporting, and disposing of the wild animals.

(b) A special permit may not be issued to take or possess wild or native deer for exhibition or propagation.

(c) The commissioner shall establish criteria for issuing special permits for persons to possess wild and native deer as pets.

Sec. 22. Minnesota Statutes 1994, section 97A.451, subdivision 3, is amended to read:

Subd. 3. [PERSONS UNDER AGE 16; SMALL GAME.] (a) A person under age 16 may not obtain a small game license but may take small game by firearms or bow and arrow without a license if the person is a resident:

(1) age 14 or 15 and possesses a firearms safety certificate;

(2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian; or

(3) age 12 or under and is accompanied by a parent or guardian.

(b) A resident under age 16 may take small game by trapping without a small game license, but a resident ~~over age~~ 13 years of age or older must have a trapping license. A resident under age ~~14~~ 13 may trap without a trapping license.

Sec. 23. Minnesota Statutes 1994, section 97A.475, subdivision 6, is amended to read:

Subd. 6. [RESIDENT FISHING.] Fees for the following licenses, to be issued to residents only, are:

(1) to take fish by angling, for persons under age 65, $13;

(2) to take fish by angling, for persons age 65 and over, $4.50;

(3) to take fish by angling, for a combined license for a married couple, $17.50;

(4) to take fish by spearing from a dark house, $13; and

(5) to take fish by angling for a 24-hour period ~~of 24 hours from the time of issuance~~ selected by the licensee, $7.50.

Sec. 24. Minnesota Statutes 1994, section 97A.475, subdivision 7, is amended to read:

Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, are:

(1) to take fish by angling, $27.50;

(2) to take fish by angling limited to seven consecutive days selected by the licensee, $19;

(3) to take fish by angling for ~~three consecutive days~~ a 72-hour period selected by the licensee, $16;

(4) to take fish by angling for a combined license for a family, $37.50;

(5) to take fish by angling for a 24-hour period ~~of 24 hours from the time of issuance~~ selected by the licensee, $7.50; and

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, $27.50.

Sec. 25. Minnesota Statutes 1994, section 97A.531, is amended by adding a subdivision to read:

Subd. 7. [POSSESSION OF FISH ON LAKE OF THE WOODS.] While in Minnesota, a person permitted to take and possess fish in Minnesota and licensed by the province of Ontario to take and possess fish may possess the daily limit of fish allowed by the Ontario border water conservation tag, if the fish taken in Ontario were taken on Ontario waters of Lake of the Woods north of Big Island.

Sec. 26. [97A.552] [FISHING REGULATIONS; EXECUTIVE ORDER.]

Subdivision 1. [ORDER AUTHORIZED.] (a) The governor may by executive order:

(1) require that fish that are lawfully taken by angling and possessed in Canada be brought into the state in-the-round;

(2) authorize fish lawfully taken by angling in Canada to be transported within the state or out of the state by a nonresident;

(3) require that a Minnesota resident transporting in Minnesota fish that have been taken by angling in Canada possess a Minnesota angling license; and

(4) require that any advertisement of fishing resorts or facilities in Canada in printed or broadcast form originating or distributed within the state must contain a summary of the requirement of clause (1) and penalty for noncompliance.

(b) An executive order issued under paragraph (a) is effective the day following the filing of a certified copy thereof in the office of the secretary of state, and remains in effect until rescinded by order of the governor.

Subd. 2. [PENALTY FOR NONCOMPLIANCE.] A violation of an executive order imposing the requirement in subdivision 1, paragraph (a), clause (1) is a misdemeanor, and in addition to any criminal penalty imposed, fish brought into or transported within the state contrary to that executive order must be confiscated, and a penalty of $10 for each fish must be imposed.

Sec. 27. Minnesota Statutes 1994, section 97B.055, subdivision 3, is amended to read:

Subd. 3. [HUNTING FROM VEHICLE BY DISABLED HUNTERS.] The commissioner may issue a special permit, without a fee, to discharge a firearm or bow and arrow from a stationary motor vehicle to a licensed hunter ~~that is temporarily or permanently physically unable to walk without crutches, braces, or other mechanical support, or who has a physical disability which substantially limits the person's ability to walk~~ who has a temporary or permanent physical disability. The physical disability ~~and the substantial inability to walk~~ must be established by medical evidence verified in writing by a licensed physician. A person with a temporary disability may be issued an annual permit and a person with a permanent disability may be issued a permanent permit. A person issued a special permit under this subdivision and hunting deer may take a deer of either sex.

Sec. 28. Minnesota Statutes 1994, section 97B.061, is amended to read:

97B.061 [REPORTS AND RECORDS.]

~~If requested by~~ The commissioner~~, a~~ may request a person who has taken game ~~must~~ to submit a report to the commissioner on a furnished form ~~before March 15~~, stating the number ~~and~~ or kind of each game animal taken during the preceding license year. There is no penalty for failure to comply with a request from the commissioner under this section, and information submitted to the commissioner under this section may not be used as evidence in a prosecution under chapter 97A, 97B, or 97C.

Sec. 29. Minnesota Statutes 1994, section 97B.075, is amended to read:

97B.075 [HUNTING RESTRICTED BETWEEN EVENING AND MORNING.]

A person may not take protected wild animals, except raccoon and fox, with a firearm between the evening and morning times established by commissioner's rule, ~~or by archery from one-half hour after sunset until one-half hour before sunrise~~ except big game may be taken from one-half hour before sunrise until one-half hour after sunset.

Sec. 30. Minnesota Statutes 1994, section 97B.731, subdivision 1, is amended to read:

Subdivision 1. [MIGRATORY GAME BIRDS.] (a) Migratory game birds may be taken and possessed. A person may not take, buy, sell, possess, transport, or ship migratory game birds in violation of federal law.

(b) The commissioner shall prescribe seasons and limits for migratory birds in accordance with federal law.

Sec. 31. Minnesota Statutes 1994, section 97B.931, is amended to read:

97B.931 [TENDING TRAPS ~~RESTRICTED~~.]

Subdivision 1. [RESTRICTIONS.] A person may not tend a trap set for wild animals between 10:00 p.m. and 5:00 a.m. Between 5:00 a.m. and 10:00 p.m. a person on foot may use a portable

artificial light to tend traps. While using a light in the field, the person may not possess or use a firearm other than a handgun of .22 caliber.

Subd. 2. [BODY-GRIPPING TRAPS.] A body-gripping, conibear-type trap need not be tended more frequently than once every third calendar day.

Sec. 32. Minnesota Statutes 1994, section 97C.025, is amended to read:

97C.025 [FISHING AND MOTORBOATS PROHIBITED IN CERTAIN AREAS.]

(a) ~~Except as provided in paragraph (b), a person may not take fish from or drive motorboats over posted~~ The commissioner may prohibit fishing or the operation of motorboats by posting waters that:

(1) are designated as spawning beds or fish preserves; or

(2) are being used by the commissioner for fisheries research or management activities.

An area may be posted under this paragraph if necessary to prevent excessive depletion of fish or interference with fisheries research or management activities.

(b) Except as provided in paragraph (c), a person may not take fish or operate a motorboat if prohibited by posting under paragraph (a).

(c) An owner of riparian land adjacent to an area posted under paragraph (a) may operate a motorboat through the area by the shortest direct route at a speed of not more than five miles per hour.

Sec. 33. Minnesota Statutes 1994, section 97C.081, subdivision 3, is amended to read:

Subd. 3. [CONTESTS AUTHORIZED BY COMMISSIONER.] The commissioner may, by rule or permit, allow fishing contests with entry fees over $10 per person or total prizes valued at more than $2,000.

If entry fees are over $25 per person, or total prizes are valued at more than $25,000, and if the applicant has either:

(1) not previously conducted a fishing contest requiring a permit under this subdivision; or

(2) ever failed to make required prize awards in a fishing contest conducted by the applicant,

the commissioner may require the applicant to furnish the commissioner evidence of financial responsibility in the form of a surety bond or bank letter of credit in the amount of $25,000. Permits must be issued without a fee and if the commissioner does not deny the permit within 14 days, excluding holidays, after receipt of an application, the permit is granted.

Sec. 34. Minnesota Statutes 1994, section 97C.305, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Except as provided in subdivision 2, a person over age 16 and under age 65 required to possess an angling license must have a trout and salmon stamp in possession to:

(1) take fish by angling in:

~~(1)~~ (i) a stream designated by the commissioner as a trout stream;

~~(2)~~ (ii) a lake designated by the commissioner as a trout lake; or

~~(3)~~ (iii) Lake Superior; or

(2) possess trout or salmon taken in the state by angling.

Sec. 35. Minnesota Statutes 1994, section 97C.321, subdivision 2, is amended to read:

Subd. 2. [ICE FISHING.] A person may use an unattended line to take fish through the ice if:

(1) the person is within sight of the line; or

(2) a tip-up is attached to the line and the person is within ~~80~~ 200 feet of the tip-up.

Sec. 36. Minnesota Statutes 1994, section 97C.345, subdivision 1, is amended to read:

Subdivision 1. [PERIOD WHEN USE PROHIBITED.] Except as specifically authorized, a person may not take fish from the third Monday in February ~~16~~ to April 30 with a spear, fish trap, net, dip net, seine, or other device capable of taking fish.

Sec. 37. Minnesota Statutes 1994, section 97C.345, subdivision 2, is amended to read:

Subd. 2. [POSSESSION.] (a) Except as specifically authorized, a person may not possess a spear, fish trap, net, dip net, seine, or other device capable of taking fish on or near any waters. Possession includes personal possession and in a vehicle.

(b) A person may possess spears, dip nets, bows and arrows, and spear guns allowed under section 97C.381 on or near waters between sunrise and sunset ~~between~~ from May 1 ~~and~~ to the third Sunday in February ~~15~~.

Sec. 38. Minnesota Statutes 1994, section 97C.345, subdivision 3, is amended to read:

Subd. 3. [DIP NETS.] A person may possess and use a dip net between one hour before sunrise and one hour after sunset ~~between~~ from May 1 ~~and~~ to the third Sunday in February ~~15~~.

Sec. 39. Minnesota Statutes 1994, section 97C.355, subdivision 2, is amended to read:

Subd. 2. [LICENSE REQUIRED.] A person may not take fish from a dark house or fish house unless the house is licensed and has a ~~metal~~ durable license tag attached to the exterior as prescribed by the commissioner, except as provided in this subdivision. The commissioner must issue a ~~metal~~ durable tag that is at least two inches in diameter with a 3/16 inch hole in the center with a dark house or fish house license. The ~~metal~~ durable tag must be ~~stamped~~ marked with a number to correspond with the license and the year of issue. A dark house or fish house license is not required of a resident on boundary waters where the adjacent state does not charge a fee for the same activity.

Sec. 40. Minnesota Statutes 1994, section 97C.355, subdivision 7, is amended to read:

Subd. 7. [DATES AND TIMES HOUSES MAY REMAIN ON ICE.] (a) A fish house or dark house may not be on the ice between 12:00 a.m. and one hour before sunrise after the following dates:

(1) February 28, for state waters south of a line starting at the Minnesota-North Dakota border and formed by rights-of-way of U.S. Route No. 10, then east along U.S. Route No. 10 to Trunk Highway No. 34, then east along Trunk Highway No. 34 to Trunk Highway No. 200, then east along Trunk Highway No. 200 to U.S. Route No. 2, then east along U.S. Route No. 2 to the Minnesota-Wisconsin border; and

(2) March 15, for other state waters.

A fish house or dark house on the ice in violation of this subdivision is subject to the enforcement provisions of paragraph (b). The commissioner may, by rule, change the dates in this paragraph for any part of state waters. Copies of the rule must be conspicuously posted on the shores of the waters as prescribed by the commissioner.

(b) A conservation officer must confiscate a fish house or dark house in violation of paragraph (a). The officer may remove, burn, or destroy the house. The officer shall seize the contents of the house and hold them for 60 days. If the seized articles have not been claimed by the owner, they may be retained for the use of the division or sold at the highest price obtainable in a manner prescribed by the commissioner.

Sec. 41. Minnesota Statutes 1994, section 97C.371, subdivision 4, is amended to read:

Subd. 4. [OPEN SEASON.] The open season for spearing through the ice is December 1 to the third Sunday in February ~~15~~.

Sec. 42. Minnesota Statutes 1994, section 97C.395, subdivision 1, is amended to read:

Subdivision 1. [DATES FOR CERTAIN SPECIES.] (a) The open seasons to take fish by angling are as follows:

(1) for walleye, sauger, northern pike, muskellunge, largemouth bass, and smallmouth bass, the Saturday two weeks prior to the Saturday of Memorial Day weekend to the third ~~Monday~~ Sunday in February;

(2) for lake trout, from January 1 to October 31;

(3) for brown trout, brook trout, rainbow trout, and splake, between January 1 to October 31 as prescribed by the commissioner by rule except as provided in section 97C.415, subdivision 2; and

(4) for salmon, as prescribed by the commissioner by rule.

(b) The commissioner shall close the season in areas of the state where fish are spawning and closing the season will protect the resource.

Sec. 43. Minnesota Statutes, 1994, section 97C.605, subdivision 3, is amended to read:

Subd. 3. [TAKING; METHODS PROHIBITED.] (a) Except as allowed in paragraph (b), a person may take turtles in any manner, except by use of:

(1) explosives, drugs, poisons, lime, and other harmful substances;

(2) ~~turtle hooks or~~ traps; or

(3) nets other than anglers' fish landing nets.

(b) A person with a turtle seller's license may take turtles ~~for sale as prescribed by the commissioner~~ with a floating turtle trap that:

(1) has one or more openings above the water surface that measure at least ten inches by four inches; and

(2) has a mesh size of not less than one-half inch, bar measure.

The commissioner may prescribe additional regulations for taking turtles for sale.

Sec. 44. Minnesota Statutes 1994, section 97C.821, is amended to read:

97C.821 [POSSESSION, SALE, AND TRANSPORTATION OF COMMERCIAL FISH.]

Subject to the applicable provisions of the game and fish laws, fish taken under commercial fishing licenses may be possessed in any quantity, bought, sold, and transported ~~during the open seasons provided for the fish, and for seven days after the season closes. Fish frozen or cured during the open season may be transported, bought, and sold~~ at any time. Commercial fishing licensees may transport their catch live to holding facilities, if the licensee has exclusive control of the facilities. Commercial fishing licensees may harvest fish from their holding facilities at any time with their licensed gear. The commissioner may prohibit the transport of live fish taken under a commercial fishing license from waters that contain exotic species.

Sec. 45. Laws 1994, chapter 623, article 1, section 45, is amended to read:

Sec. 45. [ENFORCEMENT OF LAWS RELATED TO BUYING AND SELLING FISH; REPORT.]

By January 15, ~~1995~~ 1996, the commissioner of natural resources shall report to the environment and natural resources committees of the legislature with recommendations for legislation to improve enforcement of Minnesota Statutes, section 97C.391, including record keeping requirements, enhanced remedies, and inspection authorities.

Sec. 46. [FIREARMS SAFETY PROGRAM; PLAN.]

The commissioner of natural resources shall develop a plan for the establishment of a firearms safety program directed at children that is value-neutral concerning firearms ownership, but that promotes awareness and understanding of the safe use and storage of firearms. The commissioner shall submit the plan and any necessary enabling legislation to the legislature by February 1, 1996.

Sec. 47. [STOCKING OF LONG LAKE IN MORRISON COUNTY.]

The Long Lake Homeowners Association may annually stock up to 5,000 walleye fingerlings in Long Lake in Richardson township in Morrison county.

Sec. 48. [REPEALER.]

Minnesota Statutes 1994, section 97A.531, subdivisions 2, 3, 4, 5, and 6, are repealed. Any action of the commissioner of natural resources authorized by a repealed subdivision is void.

Minnesota Statutes 1994, sections 97B.301, subdivision 5; and 97C.505, subdivision 4, are repealed.

Sec. 49. [EFFECTIVE DATE.]

Sections 1 to 25 and 27 to 48 are effective the day following final enactment. Section 25 is repealed December 31, 1995. Section 26 is effective May 1, 1996.

ARTICLE 2

Section 1. [87A.01] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 87A.01 to 87A.03.

Subd. 2. [PERSON.] "Person" means an individual, proprietorship, partnership, corporation, club, or other legal entity.

Subd. 3. [SHOOTING RANGE OR RANGE.] "Shooting range" or "range" means an outdoor area or facility designed and operated for the use of firearms or archery.

Subd. 4. [GENERALLY ACCEPTED OPERATION PRACTICES; RULES.] "Generally accepted operation practices" means those guidelines adopted by rule under chapter 14 by the commissioner of natural resources for shooting ranges. In developing the practices, the commissioner shall consider all information reasonably available regarding the safe operation of shooting ranges, including minimum size requirements and practices established by a nationally recognized nonprofit membership organization that provides voluntary firearm safety programs that include training individuals in the safe handling and use of firearms, which practices are developed with consideration of all information reasonably available regarding the safe operation of shooting ranges. When developing generally accepted operation practices, the commissioner shall consult with organizations that represent local units of government and organizations that represent participants in various shooting activities. The generally accepted operation practices shall be reviewed at least every five years by the commissioner of natural resources and revised as the commissioner considers necessary.

Subd. 5. [UNIT OF GOVERNMENT.] "Unit of government" means a home rule charter or statutory city, county, town, municipal corporation, or other political subdivision, or any of their instrumentalities.

Sec. 2. [87A.02] [LOCAL ORDINANCE PROTECTION; EXISTING OPERATIONS.]

(a) A shooting range that is in operation and not in material violation of existing law at the time of the enactment of an ordinance enacted after June 1, 1995, must be permitted to continue in operation even if the operation of the shooting range at a later date does not conform to the new ordinance or an amendment to an existing ordinance.

(b) A shooting range that operates in compliance with generally accepted operation practices, even if not in compliance with an ordinance of a local unit of government, must be permitted to do all of the following within its preexisting geographic boundaries if done in compliance with generally accepted operation practices:

(1) repair, remodel, or reinforce any conforming or nonconforming building or structure as may be necessary in the interest of public safety or to secure the continued use of the building or structure;

(2) reconstruct, repair, restore, remodel, or resume the use of a nonconforming building damaged by fire, collapse, explosion, act of God, or act of war occurring after the effective date of this section; and

(3) do anything authorized under generally accepted operation practices, including:

(i) expand or increase its membership or opportunities for public participation;

(ii) expand or increase events, facilities, and activities, within the preexisting geographic boundaries of the range, provided that any construction is in conformance with local building codes and construction ordinances; and

(iii) make those structural repairs or improvements necessary to comply with generally accepted operation practices.

Sec. 3. [87A.03] [LIMITS ON CLOSING SHOOTING RANGES; PAYMENT OF CERTAIN COSTS.]

(a) Except as provided in this section, a shooting range may not be prevented from operating by any state agency or unit of government unless because of new development of adjacent land: (1) the range becomes a clear and proven safety hazard to the adjacent population; or (2) the range becomes unable to meet the minimum range safety standards contained in generally accepted operation practices adopted by the commissioner.

(b)(1) If the requirements of paragraph (a), clause (1), are met, a shooting range may be relocated by a state agency or a unit of government if the following conditions are met:

(i) the clear and proven safety hazard is documented through a hearing, testimony, and a clear and precise statement of the hazard by the agency or unit of government; and

(ii) the agency or unit of government obtaining the closure pays the fair market value of the range business as a going concern to the operators and the fair market value of the land including improvements, to the owner of the land; and

(2) upon final full payment, the range operator and landowners shall relinquish their interest in the property to the agency or unit of government obtaining the closure.

(c) If the requirements of paragraph (a), clause (2), are met, the shooting range operations may be suspended if:

(1) the range operators are given reasonable notice and opportunity to respond; and

(2) the range operators are given a reasonable opportunity to correct safety defects and meet the minimum range safety standards contained in generally accepted operation practices.

Sec. 4. [EFFECTIVE DATES.]

Section 1, subdivision 4, is effective the day following final enactment. Sections 1, subdivisions 1, 2, 3, and 5; 2; and 3, are effective August 1, 1996."

Delete the title and insert:

"A bill for an act relating to natural resouces; establishing hunting heritage week; migratory waterfowl; providing procedures for seizure and confiscation of property; clarifying terms of short-term angling licenses; removing certain requirements relating to fish taken in Canada; modifying reporting requirements; modifying hours for taking certain animals; modifying provisions relating to trapping; providing for posting of waters to prohibit fishing or motorboat operation; adjusting opening and closing dates of various seasons for taking fish; expanding the requirement to possess a trout and salmon stamp; modifying northern pike length limits; changing the date by which fish houses and dark houses must be removed from the ice in certain areas;

authorizing the use of floating turtle traps; removing time limits on sale of fish by commercial licensees; requiring a plan for a firearms safety program; authorizing certain stocking activities; snowmobile licensing exemptions; fishing contest regulation; ecologically harmful species; collector snowmobiles; all-terrain vehicle weight; reciprocity in game and fish violations; enforcement officer powers; disabled hunter permits; information from licensees; big game hunting hours; checking traps; fish house identification; snowmobile transit permits; regulation of shooting ranges; amending Minnesota Statutes 1994, sections 18.317; 84.796; 84.81, by adding a subdivision; 84.82, subdivision 6, and by adding a subdivision; 84.92, subdivision 8; 84.968, subdivision 1; 84.9691; 84.9692, subdivisions 1, 2, and by adding a subdivision; 86B.401, subdivision 11; 97A.015, subdivisions 12, 28, and 52; 97A.045, by adding a subdivision; 97A.205; 97A.221; 97A.401, subdivision 3; 97A.451, subdivision 3; 97A.475, subdivisions 6 and 7; 97A.531, by adding a subdivision; 97B.055, subdivision 3; 97B.061; 97B.075; 97B.731, subdivision 1; 97B.931; 97C.025; 97C.081, subdivision 3; 97C.305, subdivision 1; 97C.321, subdivision 2; 97C.345, subdivisions 1, 2, and 3; 97C.355, subdivisions 2 and 7; 97C.371, subdivision 4; 97C.395, subdivision 1; 97C.605, subdivision 3; and 97C.821; Laws 1994, chapter 623, article 1, section 45; proposing coding for new law in Minnesota Statutes, chapters 10; 18; and 97A; proposing coding for new law as Minnesota Statutes, chapter 87A; repealing Minnesota Statutes 1994, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; 97B.301, subdivision 5; and 97C.505, subdivision 4."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Bob Lessard, Charles A. Berg

House Conferees: (Signed) Bob Milbert, Thomas Bakk, Virgil J. Johnson

Mr. Lessard moved that the foregoing recommendations and Conference Committee Report on S.F. No. 621 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Ms. Krentz moved that the recommendations and Conference Committee Report on S.F. No. 621 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the motion of Ms. Krentz.

The roll was called, and there were yeas 36 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Laidig	Pappas	Spear
Belanger	Johnson, D.E.	Lesewski	Piper	Stumpf
Berglin	Johnson, J.B.	Marty	Pogemiller	Terwilliger
Betzold	Johnston	Merriam	Price	Wiener
Chandler	Kelly	Moe, R.D.	Ranum	
Cohen	Kiscaden	Morse	Reichgott Junge	
Flynn	Knutson	Novak	Riveness	
Frederickson	Krentz	Oliver	Runbeck	

Those who voted in the negative were:

Beckman	Hanson	Larson	Olson	Solon
Berg	Janezich	Lessard	Ourada	Stevens
Bertram	Johnson, D.J.	Limmer	Pariseau	Vickerman
Chmielewski	Kleis	Metzen	Robertson	
Day	Kramer	Mondale	Sams	
Dille	Kroening	Murphy	Samuelson	
Finn	Langseth	Neuville	Scheevel	

The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 979 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 979

A bill for an act relating to motor carriers; regulating hazardous material transporters; requiring fingerprints of motor carrier managers for criminal background checks; making technical changes related to calculating proportional mileage under the international registration plan; specifying violations that may result in suspension or revocation of permit; making technical changes relating to hazardous waste transporter licenses; providing for disposition of fees collected for hazardous material registration, licensing, and permitting; amending Minnesota Statutes 1994, section 221.0355, subdivisions 3, 5, 6, 12, 15, and by adding a subdivision.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 979, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendments and that S.F. No. 979 be further amended as follows:

Page 7, line 34, before "adjust" insert "may"

Amend the title as follows:

Page 1, line 2, delete "motor carriers" and insert "transportation"

Page 1, line 12, after the semicolon, insert "regulating security and fare policies for metropolitan transit buses; requiring sound abatement study; appropriating money;"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Terry D. Johnston, Jim Vickerman, Ellen R. Anderson

House Conferees: (Signed) Jean Wagenius, Darlene Luther, Jim Rhodes

Ms. Johnston moved that the foregoing recommendations and Conference Committee Report on S.F. No. 979 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 979 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Mondale	Riveness
Beckman	Frederickson	Krentz	Morse	Robertson
Belanger	Hottinger	Kroening	Murphy	Runbeck
Berg	Janezich	Laidig	Neuville	Sams
Berglin	Johnson, D.E.	Larson	Novak	Samuelson
Bertram	Johnson, D.J.	Lesewski	Oliver	Scheevel
Betzold	Johnson, J.B.	Lessard	Olson	Solon
Chandler	Johnston	Limmer	Ourada	Spear
Chmielewski	Kelly	Marty	Pappas	Stevens
Day	Kiscaden	Merriam	Pariseau	Stumpf
Dille	Kleis	Metzen	Pogemiller	Terwilliger
Finn	Knutson	Moe, R.D.	Price	Wiener

Mr. Cohen voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 999, 1280 and 759.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1678, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1678: A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; amending Minnesota Statutes 1994, sections 3.9741, subdivision 2; 5.14; 15.50, subdivision 2; 15.91, subdivision 2; 16B.39, by adding a subdivision; 16B.42, subdivision 3; 16B.88, subdivisions 1, 2, 3, and 4; 126A.01; 126A.02; 126A.04; 197.05; 240A.08; 309.501, by adding a subdivision; and 349A.08, subdivision 5; Laws 1993, chapter 224, article 12, section 33; proposing coding for new law in Minnesota Statutes, chapters 16B; and 43A.

Senate File No. 1678 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1019, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1019: A bill for an act relating to metropolitan government; establishing the metropolitan livable communities fund and providing for fund distribution; reducing the levy authority of the metropolitan mosquito control commission; providing for certain revenue sharing; regulating employee layoffs by the metropolitan mosquito control district; authorizing an economic vitality and housing initiative; amending Minnesota Statutes 1994, sections 116J.552, subdivision 2; 116J.555, subdivision 2; 116J.556; 473.167, subdivisions 2, 3, and by adding a subdivision; 473.711, subdivision 2; and 473F.08, subdivisions 3a, 5, 7a, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1994, sections 473.704, subdivision 15; 504.33; 504.34; and 504.35.

Senate File No. 1019 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1393, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1393: A bill for an act relating to public finance; providing conditions and requirements for the issuance of debt and use of the proceeds; authorizing use of capital improvement bonds for indoor ice arenas; exempting issuance of certain debt from election requirements; authorizing home rule charter cities to issue tax anticipation certificates; authorizing operation of certain recreational facilities; providing for the computation of tax increment from certain hazardous substance subdistricts; authorizing continuing disclosure agreements; providing for funding of self-insurance by political subdivisions; providing for the issuance of temporary obligations and modifying issuance procedures; amending Minnesota Statutes 1994, sections 373.40, subdivision 1; 447.46; 462C.05, subdivision 1; 469.041; 469.174, subdivision 4, and by adding subdivisions; 469.175, subdivision 1; 469.177, subdivisions 1, 1a, and 2; 471.16, subdivision 1; 471.191, subdivisions 1 and 2; 471.98, subdivision 3; 471.981, subdivisions 2, 4a, 4b, and 4c; 475.51, subdivision 4; 475.52, subdivision 6; 475.58, subdivision 1, and by adding a subdivision; 475.60, by adding a subdivision; 475.61, by adding a subdivision; 475.63; and 475.79; Laws 1971, chapter 773, section 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 373; and 410.

Senate File No. 1393 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 440, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 440: A bill for an act relating to insurance; regulating coverages, notice provisions, enforcement provisions, and licensees; the comprehensive health association; increasing the lifetime benefit limit; making technical changes; providing for certain breast cancer coverage; prohibiting certain rate differentials within the same town or city; amending Minnesota Statutes 1994, sections 60A.06, subdivision 3; 60A.085; 60A.111, subdivision 2; 60A.124; 60A.23, subdivision 8; 60A.26; 60A.951, subdivisions 2 and 5; 60A.954, subdivision 1; 60K.03, subdivision 7; 60K.14, subdivision 1; 61A.03, subdivision 1; 61A.071; 61A.092, subdivisions 3 and 6; 61B.28, subdivisions 8 and 9; 62A.042; 62A.135; 62A.136; 62A.14; 62A.141; 62A.31, subdivisions 1h and 1i; 62A.46, subdivision 2, and by adding a subdivision; 62A.48, subdivisions 1 and 2; 62A.50, subdivision 3; 62C.14, subdivisions 5 and 14; 62E.02, subdivision 7; 62E.12; 62F.02, subdivision 2; 62I.09, subdivision 2; 62L.02, subdivision 16; 62L.03, subdivision 5; 65A.01, by adding a subdivision; 65B.06, subdivision 3; 65B.08, subdivision 1; 65B.09, subdivision 1; 65B.10, subdivision 3; 65B.61, subdivision 1; 72A.20, subdivisions 13, 23, and by adding a subdivision; 72B.05; 79.251, subdivision 5, and by adding a subdivision; 79.34, subdivision 2; 79.35; 79A.01, by adding a subdivision; 79A.02, subdivision 4; 79A.03, by adding a subdivision; 176.181, subdivision 2; 299F.053, subdivision 2; and 515A.3-112; proposing coding for new law in Minnesota Statutes, chapters 60A; and 62A; repealing Minnesota Statutes 1994, sections 61A.072, subdivision 3; and 65B.07, subdivision 5.

Senate File No. 440 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 217, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 217: A bill for an act relating to family law; providing for enforcement of child support obligations; expanding enforcement remedies for child support; authorizing programs; providing for resolution of custody and visitation disputes; creating a central child support payment center; modifying child support data collection and publication; imposing penalties; adding provisions relating to recognition of parentage; adding provisions for administrative proceedings; modifying children's supervised visitation facilities; appropriating money; amending Minnesota Statutes 1994, sections 13.46, subdivision 2; 168A.05, subdivisions 2, 3, 7, and by adding a subdivision; 168A.16; 168A.20, by adding a subdivision; 168A.21; 168A.29, subdivision 1; 214.101, subdivisions 1 and 4; 256.87, subdivision 5; 256.978, subdivision 1; 256F.09, subdivisions 1, 2, 3, and by adding subdivisions; 257.34, subdivision 1, and by adding a subdivision; 257.55, subdivision 1; 257.57, subdivision 2; 257.60; 257.67, subdivision 1; 257.75, subdivision 3, and by adding a subdivision; 517.08, subdivisions 1b and 1c; 518.171, subdivision 2a; 518.24; 518.551, subdivisions 5, 12, and by adding subdivisions; 518.5511, subdivisions 1, 2, 3 ,4, 5, 7, and 9; 518.575; 518.611, subdivisions 1, 2, 5, and 8a; 518.613, subdivisions 1, 2, and by adding a subdivision; 518.614, subdivision 1; 518.64, subdivisions 2, 4, and by adding a subdivision; 518C.310; 548.15; and 609.375, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 171; 256; 257; and 518; repealing Minnesota Statutes 1994, sections 214.101, subdivisions 2 and 3; 256F.09, subdivision 4; 518.561; 518.611, subdivision 8; and 518.64, subdivision 6.

Senate File No. 217 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1279, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1279: A bill for an act relating to privacy; providing for the classification of and access to government data; clarifying data provisions; providing for survival of actions under the data practices act; computer matching; eliminating report requirements; imposing penalties; providing for the classification and release of booking photographs; conforming provisions dealing with financial assistance data; limiting the release of copies of videotapes of child abuse victims; requiring a court order in certain cases; amending Minnesota Statutes 1994, sections 13.03, subdivision 6; 13.06, subdivision 6; 13.072, subdivision 1, and by adding a subdivision; 13.08, subdivision 1; 13.10, subdivision 5; 13.31, subdivision 1; 13.32, subdivision 2; 13.43, subdivisions 2, 5, and by adding a subdivision; 13.46, subdivisions 1 and 2; 13.49; 13.50, subdivision 2; 13.551; 13.79; 13.793; 13.82, subdivisions 3a, 5, 6, 10, and by adding a subdivision; 13.83, subdivision 2; 13.89, subdivision 1; 13.90; 13.99, subdivisions 1, 12, 20, 21a, 42a, 54, 55, 64, 78, 79, 112, and by adding subdivisions; 41B.211; 144.0721, subdivision 2; 144.225, by adding a subdivision; 144.335, subdivisions 2 and 3a; 144.3351; 144.651, subdivisions 21 and 26; 253B.03, subdivisions 3 and 4; 260.161, by adding a subdivision; 268.12, subdivision 12; 270B.02, subdivision 3; 270B.03, subdivision 1; 270B.12, subdivision 2; 270B.14, subdivisions 1 and 11; 336.9-407; 336.9-411; 383B.225, subdivision 6; 388.24, subdivision 4; and 401.065, subdivision 3a; Laws 1993, chapter 192, section 110; proposing coding for new law in Minnesota Statutes, chapters 13; 13B; 270B; and 611A; repealing Minnesota Statutes 1994, sections 13.38, subdivision 4; 13.69, subdivision 2; 13.71, subdivisions 9, 10, 11, 12, 13, 14, 15, 16, and 17; 13B.04; and Laws 1990, chapter 566, section 9, as amended.

Senate File No. 1279 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 265, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 265 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 22, 1995

CONFERENCE COMMITTEE REPORT ON H.F. NO. 265

A bill for an act relating to gambling; making technical amendments to eliminate references to teleracing facilities; regulating testing facilities for the testing of gambling devices; regulating bingo and lawful purpose expenditures, and credit and sales to delinquent organizations; providing for contributions to certain compulsive gambling programs; amending Minnesota Statutes 1994, sections 240.01, subdivisions 18 and 23; 240.10; 240.19; 240.23; 240.27, subdivisions 2, 3, 4, and 5; 299L.01, subdivision 1; 299L.03, subdivision 1; 299L.07, subdivisions 1, 2, 4, 5, 6, and by adding a subdivision; 349.12, subdivision 25, and by adding a subdivision; 349.17, subdivision 1; 349.191, subdivision 1a; and 349.211, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 299L; repealing Minnesota Statutes 1994, section 240.01, subdivisions 17 and 21.

May 22, 1995

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 265, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 265 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 240.01, subdivision 18, is amended to read:

Subd. 18. [ON-TRACK PARI-MUTUEL BETTING.] "On-track pari-mutuel betting" means wagering conducted at a licensed racetrack~~, or at a class E licensed facility whose wagering system is electronically linked to a licensed racetrack~~.

Sec. 2. Minnesota Statutes 1994, section 240.01, subdivision 23, is amended to read:

Subd. 23. [FULL RACING CARD.] "Full racing card" means three or more races that are: (1) part of a horse racing program being conducted at a racetrack; and (2) being simulcast or telerace simulcast at a licensed racetrack ~~or teleracing facility~~.

Sec. 3. Minnesota Statutes 1994, section 240.10, is amended to read:

240.10 [LICENSE FEES.]

The fee for a class A license is $10,000 per year. The fee for a class B license is $100 for each assigned racing day on which racing is actually conducted, and $50 for each day on which simulcasting is authorized and actually takes place. The fee for a class D license is $50 for each assigned racing day on which racing is actually conducted. ~~The fee for a class E license is $1,000 per year.~~ Fees imposed on class B and class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 but no annual fee for a class C license may exceed $100.

License fee payments received must be paid by the commission to the state treasurer for deposit in the general fund.

Sec. 4. Minnesota Statutes 1994, section 240.19, is amended to read:

240.19 [CONTRACTS.]

The commission shall by rule require that all contracts entered into by a class A, class B, or class D~~, or class E~~ licensee for the provision of goods or services, including concessions contracts, be subject to commission approval. The rules must require that the contract include an affirmative action plan establishing goals and timetables consistent with the Minnesota Human Rights Act, chapter 363. The rules may also establish goals to provide economic opportunity for disadvantaged and emerging small businesses, racial minorities, women, and disabled individuals. The commission may require a contract holder to submit to it documents and records the commission deems necessary to evaluate the contract.

Sec. 5. Minnesota Statutes 1994, section 240.23, is amended to read:

240.23 [RULEMAKING AUTHORITY.]

The commission has the authority, in addition to all other rulemaking authority granted elsewhere in this chapter to promulgate rules governing:

(a) the conduct of horse races held at licensed racetracks in Minnesota, including but not limited to the rules of racing, standards of entry, operation of claiming races, filing and handling of objections, carrying of weights, and declaration of official results;

(b) wire communications between the premises of a licensed racetrack and any place outside the premises;

(c) information on horse races which is sold on the premises of a licensed racetrack;

(d) liability insurance which it may require of all class A, class B, and class D~~, and class E~~ licensees;

(e) the auditing of the books and records of a licensee by an auditor employed or appointed by the commission;

(f) emergency action plans maintained by licensed racetracks and their periodic review;

(g) safety, security, and sanitation of stabling facilities at licensed racetracks;

(h) entry fees and other funds received by a licensee in the course of conducting racing which the commission determines must be placed in escrow accounts;

(i) affirmative action in employment and contracting by class A, class B, and class D licensees; and

(j) ~~the operation of teleracing facilities; and~~

~~(k)~~ any other aspect of horse racing or pari-mutuel betting which in its opinion affects the integrity of racing or the public health, welfare, or safety.

Rules of the commission are subject to chapter 14, the Administrative Procedure Act.

Sec. 6. Minnesota Statutes 1994, section 240.27, subdivision 2, is amended to read:

Subd. 2. [HEARING; APPEAL.] An order to exclude a person from any or all licensed racetracks ~~or licensed teleracing facilities~~ in the state must be made by the commission at a public hearing of which the person to be excluded must have at least five days' notice. If present at the hearing, the person must be permitted to show cause why the exclusion should not be ordered. An appeal of the order may be made in the same manner as other appeals under section 240.20.

Sec. 7. Minnesota Statutes 1994, section 240.27, subdivision 3, is amended to read:

Subd. 3. [NOTICE TO RACETRACKS.] Upon issuing an order excluding a person from any or all licensed racetracks ~~or licensed teleracing facilities~~, the commission shall send a copy of the order to the excluded person and to all racetracks or teleracing facilities named in it, along with other information as it deems necessary to permit compliance with the order.

Sec. 8. Minnesota Statutes 1994, section 240.27, subdivision 4, is amended to read:

Subd. 4. [PROHIBITIONS.] It is a gross misdemeanor for a person named in an exclusion order to enter, attempt to enter, or be on the premises of a racetrack ~~or a teleracing facility~~ named in the order while it is in effect, and for a person licensed to conduct racing or operate a racetrack ~~or a teleracing facility~~ knowingly to permit an excluded person to enter or be on the premises.

Sec. 9. Minnesota Statutes 1994, section 240.27, subdivision 5, is amended to read:

Subd. 5. [EXCLUSIONS BY RACETRACK.] The holder of a license to conduct racing ~~or operate a teleracing facility~~ may eject and exclude from its premises any licensee or any other person who is in violation of any state law or commission rule or order or who is a threat to racing integrity or the public safety. A person so excluded from racetrack premises ~~or teleracing facility~~ may appeal the exclusion to the commission and must be given a public hearing on the appeal upon request. At the hearing the person must be given the opportunity to show cause why the exclusion should not have been ordered. If the commission after the hearing finds that the integrity of racing and the public safety do not justify the exclusion, it shall order the racetrack ~~or teleracing facility~~ making the exclusion to reinstate or readmit the person. An appeal of a commission order upholding the exclusion is governed by section 240.20.

Sec. 10. Minnesota Statutes 1994, section 299L.01, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this chapter, the terms defined in this subdivision have the meanings given them.

(b) "Division" means the division of gambling enforcement.

(c) "Commissioner" means the commissioner of public safety.

(d) "Director" means the director of gambling enforcement.

(e) "Manufacturer" means a person who assembles from raw materials or subparts a gambling device for sale or use in Minnesota.

(f) "Distributor" means a person who sells, offers to sell, or otherwise provides a gambling device to a person in Minnesota.

(g) "Used gambling device" means a gambling device five or more years old from the date of manufacture.

(h) "Test" means the process of examining a gambling device to determine its characteristics or compliance with the established requirements of any jurisdiction.

(i) "Testing facility" means a person in Minnesota who is engaged in the testing of gambling devices for use in any jurisdiction.

Sec. 11. Minnesota Statutes 1994, section 299L.03, subdivision 1, is amended to read:

Subdivision 1. [INSPECTIONS; ACCESS.] In conducting any inspection authorized under this chapter or chapter 240, 349, or 349A, the employees of the division of gambling enforcement have free and open access to all parts of the regulated business premises, and may conduct the inspection at any reasonable time without notice and without a search warrant. For purposes of this subdivision, "regulated business premises" means premises where:

(1) lawful gambling is conducted by an organization licensed under chapter 349 or by an organization exempt from licensing under section 349.166;

(2) gambling equipment is manufactured, sold, distributed, or serviced by a manufacturer or distributor licensed under chapter 349;

(3) records required to be maintained under chapter 240, 297E, 349, or 349A are prepared or retained;

(4) lottery tickets are sold by a lottery retailer under chapter 340A;

(5) races are conducted by a person licensed under chapter 240; or

(6) gambling devices are manufactured ~~or~~, distributed, or tested, including places of storage under section 299L.07.

Sec. 12. Minnesota Statutes 1994, section 299L.05, is amended to read:

299L.05 [GAMBLING VIOLATIONS; RESTRICTIONS ON FURTHER ACTIVITY.]

An owner of an establishment is prohibited from having lawful gambling under chapter 349 conducted on the premises, or selling any lottery tickets under chapter 349A, ~~or having a video game of chance as defined under section 349.50 located on the premises,~~ if a person was convicted of violating section 609.76, subdivision 1, clause (7), or 609.76, subdivision (2), for an activity occurring on the owner's premises.

Sec. 13. Minnesota Statutes 1994, section 299L.07, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] Except as provided in subdivision 2, a person may not (1) manufacture, sell, offer to sell, lease, rent, or otherwise provide, in whole or in part, a gambling device as defined in sections 349.30, subdivision 2, and 609.75, subdivision 4, or (2) operate a testing facility, without first obtaining a license under this section.

Sec. 14. Minnesota Statutes 1994, section 299L.07, subdivision 2, is amended to read:

Subd. 2. [EXCLUSIONS.] Notwithstanding subdivision 1, a gambling device:

(1) ~~may be manufactured without a license as provided in section 349.40; and~~

~~(2)~~ may be sold by a person who is not licensed under this section, if the person (i) is not engaged in the trade or business of selling gambling devices, and (ii) does not sell more than one gambling device in any calendar year;

(2) may be possessed by a person not licensed under this section if the person holds a permit issued under section 299L.08; and

(3) may be possessed by a state agency, with the written authorization of the director, for display or evaluation purposes only and not for the conduct of gambling.

Sec. 15. Minnesota Statutes 1994, section 299L.07, is amended by adding a subdivision to read:

Subd. 2b. [TESTING FACILITIES.] (a) A person holding a license to operate a testing facility may possess a gambling device only for the purpose of performing tests on the gambling device.

(b) No person may hold a license to operate a testing facility under this section who is licensed as a manufacturer or distributor of gambling devices under this section or as a manufacturer or distributor of gambling equipment under chapter 349.

Sec. 16. Minnesota Statutes 1994, section 299L.07, subdivision 4, is amended to read:

Subd. 4. [APPLICATION.] An application for a ~~manufacturer's or distributor's~~ license under this section must be on a form prescribed by the commissioner and must, at a minimum, contain:

(1) the name and address of the applicant and, if it is a corporation, the names of all officers, directors, and shareholders with a financial interest of five percent or more;

(2) the names and addresses of any holding corporation, subsidiary, or affiliate of the applicant, without regard to whether the holding corporation, subsidiary, or affiliate does business in Minnesota; and

(3) if the applicant does not maintain a Minnesota office, an irrevocable consent statement signed by the applicant, stating that suits and actions relating to the subject matter of the application or acts of omissions arising from it may be commenced against the applicant in a court of competent jurisdiction in this state by service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleading is served

upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown on the application.

Sec. 17. Minnesota Statutes 1994, section 299L.07, subdivision 5, is amended to read:

Subd. 5. [INVESTIGATION.] Before a ~~manufacturer's or distributor's~~ license under this section is granted, the director may conduct a background and financial investigation of the applicant, including the applicant's sources of financing. The director may, or shall when required by law, require that fingerprints be taken and the director may forward the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The director may charge an investigation fee to cover the cost of the investigation.

Sec. 18. Minnesota Statutes 1994, section 299L.07, subdivision 6, is amended to read:

Subd. 6. [LICENSE FEES.] (a) A license issued under this section is valid for one year.

(b) For a person who distributes 100 or fewer used gambling devices per year, the fee is $1,500. For a person who distributes more than 100 used gambling devices per year, the fee is $2,000.

(c) For a person who manufactures or distributes 100 or fewer new, or new and used gambling devices in a year, the fee is $5,000. For a person who manufactures or distributes more than 100 new, or new and used gambling devices in a year, the fee is $7,500.

(d) For a testing facility the fee is $5,000.

Sec. 19. [299L.08] [TEMPORARY POSSESSION; PERMIT.]

Subdivision 1. [PERMIT AUTHORIZED.] The director may issue a temporary permit for a person to possess a gambling device for the purpose of displaying the gambling device at a trade show, convention, or other event where gambling devices are displayed.

Subd. 2. [APPLICATION; FEE.] An application for a temporary permit under this section must contain:

(1) the applicant's name, address, and telephone number;

(2) the name, date, and location of the event where the gambling device will be displayed;

(3) the method or methods by which the gambling device will be transported to the event, including the name of all carriers performing the transportation and the date of expected shipment;

(4) the individual or individuals who will be responsible for the gambling device while it is in Minnesota;

(5) the type, make, model, and serial number of the device;

(6) the location where the device will be stored in Minnesota while not at the event location;

(7) the date on which the device will be transported outside Minnesota;

(8) evidence satisfactory to the director that the applicant is registered and in compliance with United States Code, title 15, sections 1171 to 1178; and

(9) other information the director deems necessary.

The fee for a permit under this section is $100.

Subd. 3. [TERMS.] A permit under this section authorizes possession of a gambling device only during the period and for the event named in the permit. The permit authorizes the possession of a gambling device for display, educational, and information purposes only, and does not authorize the conduct of any gambling. The permit may not extend for more than 72 hours beyond the end of the event named in the permit.

Subd. 4. [INSPECTION.] The director may conduct inspections of events where gambling devices are displayed to ensure compliance with this section and other laws relating to gambling.

Sec. 20. Minnesota Statutes 1994, section 349.12, is amended by adding a subdivision to read:

Subd. 15a. [FESTIVAL ORGANIZATION.] "Festival organization" is an organization conducting a community festival that is exempt from the payment of federal income taxes under section 501(c)(4) of the Internal Revenue Code.

Sec. 21. Minnesota Statutes 1994, section 349.12, subdivision 25, is amended to read:

Subd. 25. [LAWFUL PURPOSE.] (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a ~~recognized~~ program recognized by the Minnesota department of human services for the education, prevention, or treatment of compulsive gambling ~~on behalf of an individual who is a compulsive gambler~~;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per occasion reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

(i) members of a military marching or colorguard unit for activities conducted within the state; or

(ii) members of an organization solely for services performed by the members at funeral services;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization paying the taxes, not to exceed:

(i) ~~the amount which an organization may expend under board rule on rent~~ for premises used for bingo, the amount that an organization may expend under board rules on rent for bingo; ~~or~~ and

(ii) ~~$15,000~~ $35,000 per year for premises used for other forms of lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) payment of one-half of the reasonable costs of an audit required in section 297E.06, subdivision 4;

(13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that wildlife management project approves the project before the contribution or expenditure is made; or

(14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails that are (1) grant-in-aid trails established under section 116J.406, or (2) other trails open to public use, including purchase or lease of equipment for this purpose.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund.

Sec. 22. Minnesota Statutes 1994, section 349.162, subdivision 1, is amended to read:

Subdivision 1. [STAMP REQUIRED.] (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, and no person may purchase, borrow, accept, or acquire from a distributor gambling equipment for use within the state unless the equipment has been registered with the board and has a registration stamp affixed, except for gambling equipment not stamped by the manufacturer pursuant to section 349.163, subdivision 5 or 8. The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor or manufacturer is entitled to a refund for unused registration stamps and replacement for registration stamps which are defective or canceled by the distributor or manufacturer.

(b) A manufacturer must return all unused registration stamps in its possession to the board by February 1, 1995. No manufacturer may possess unaffixed registration stamps after February 1, 1995.

(c) After February 1, 1996, no person may possess any unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare or any unplayed paddleticket cards with a registration stamp affixed to the master flare. This paragraph does not apply to unplayed pull-tab or tipboard deals with a registration stamp affixed to the flare, or to unplayed paddleticket cards with a registration stamp affixed to the master flare, if the deals or cards are identified on a list of existing inventory submitted by a licensed organization or a licensed distributor, in a format prescribed by the commissioner of revenue, to the commissioner of revenue on or before February 1, 1996. Gambling equipment kept in violation of this paragraph is contraband under section 349.2125.

Sec. 23. Minnesota Statutes 1994, section 349.17, subdivision 1, is amended to read:

Subdivision 1. [BINGO OCCASIONS.] Not more than ~~seven~~ ten bingo occasions each week may be conducted by an organization. At least 15 bingo games must be held at each occasion and a bingo occasion must continue for at least 1-1/2 hours but not more than four consecutive hours.

Sec. 24. Minnesota Statutes 1994, section 349.191, subdivision 1a, is amended to read:

Subd. 1a. [CREDIT AND SALES TO DELINQUENT ORGANIZATIONS.] (a) If a distributor does not receive payment in full from an organization within ~~30~~ 35 days of the delivery of gambling equipment, the distributor must notify the board in writing of the delinquency.

(b) If a distributor who has notified the board under paragraph (a) has not received payment in full from the organization within 60 days of the notification under paragraph (a), the distributor must notify the board of the continuing delinquency.

(c) On receipt of a notice under paragraph (a), the board shall order all distributors that until further notice from the board, they may sell gambling equipment to the delinquent organizations only on a cash basis with no credit extended. On receipt of a notice under paragraph (b), the board shall order all distributors not to sell any gambling equipment to the delinquent organization.

(d) No distributor may extend credit or sell gambling equipment to an organization in violation of an order under paragraph (c) until the board has authorized such credit or sale.

Sec. 25. Minnesota Statutes 1994, section 349.211, subdivision 1, is amended to read:

Subdivision 1. [BINGO.] Except as provided in subdivision 2, prizes for a single bingo game may not exceed $100 except prizes for a cover-all game, which may exceed $100 if the aggregate value of all cover-all prizes in a bingo occasion does not exceed $1,000. Total prizes awarded at a bingo occasion may not exceed $2,500, unless a cover-all game is played in which case the limit is $3,500. A prize may be determined based on the value of the bingo packet sold to the player. For purposes of this subdivision, a cover-all game is one in which a player must cover all spaces except a single free space to win.

Sec. 26. [REPEALER.]

Minnesota Statutes 1994, section 240.01, subdivisions 17, 20, and 21, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 1 to 26 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 12, after "1;" insert "299L.05;"

Page 1, line 14, after the first semicolon, insert "349.162, subdivision 1;"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) John Dorn, Walter E. Perlt, Steve Dehler

Senate Conferees: (Signed) Charles A. Berg, Jerry R. Janezich, Thomas M. Neuville

Mr. Berg moved that the foregoing recommendations and Conference Committee Report on H.F. No. 265 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 265 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Knutson	Mondale	Robertson
Beckman	Flynn	Kramer	Morse	Runbeck
Belanger	Hanson	Krentz	Murphy	Sams
Berg	Hottinger	Kroening	Neuville	Samuelson
Berglin	Janezich	Laidig	Novak	Scheevel
Bertram	Johnson, D.E.	Langseth	Oliver	Solon
Betzold	Johnson, D.J.	Lesewski	Olson	Spear
Chandler	Johnson, J.B.	Lessard	Ourada	Stevens
Chmielewski	Johnston	Limmer	Pappas	Stumpf
Cohen	Kelly	Merriam	Pogemiller	Terwilliger
Day	Kiscaden	Metzen	Price	Vickerman
Dille	Kleis	Moe, R.D.	Riveness	Wiener

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1040, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1040 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 22, 1995

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1040

A bill for an act relating to retirement; providing various benefit increases and related modifications; requiring collateralization and investment authority statement; amending Minnesota Statutes 1994, sections 3A.02, subdivision 5; 124.916, subdivision 3; 136.90; 352.01, subdivision 13; 352B.01, subdivision 2; 352B.02, subdivision 1a; 352B.08, subdivision 2; 352B.10, subdivision 1; 353.65, subdivision 7; 353.651, subdivision 4; 354.445; 354.66, subdivision 4; 354A.094, subdivision 4; 354A.12, subdivisions 1, 2, and by adding a subdivision; 354A.27, subdivision 1, and by adding subdivisions; 354A.31, subdivision 4, and by adding subdivisions; 354B.05, subdivisions 2 and 3; 354B.07, subdivisions 1 and 2; 354B.08, subdivision 2; 356.219, subdivision 2; 356.30, subdivision 1; 356.611; 356A.06, by adding subdivisions; 422A.05, by adding a subdivision; 422A.09, subdivision 2; and 422A.101, subdivision 1a; Laws 1994, chapter 499, section 2; proposing coding for new law in Minnesota Statutes, chapters 125; and 356; repealing Minnesota Statutes 1994, sections 3A.10, subdivision 2; 352.021, subdivision 5; and 354A.27, subdivisions 2, 3, and 4; Laws 1971, chapter 127, section 1, as amended.

May 22, 1995

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1040, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 1040 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATEWIDE GENERAL EMPLOYEE PENSION PLAN

BENEFIT AND RELATED MODIFICATIONS

Section 1. [125.615] [RETURN TO FULL-TIME WORK.]

A teacher with 20 or more years of allowable service credit under chapter 354 or 354A who was assigned to a part-time position under section 354.66 or 354A.094 after June 30, 1994, must be given the option of returning to full-time employment if the employer does not make the full employer contribution to the applicable pension fund under section 354.66, subdivision 4, or 354A.094, subdivision 4, after July 1, 1995. If an employer decides not to make the full employer contribution to the pension fund after July 1, 1995, it must notify any affected part-time teacher of this decision in writing within 30 days of the employer's decision. A teacher receiving this notice who wishes to return to work full time must notify the employer of intent to return to full-time employment within 30 days of receiving notice from the employer, and must return to full-time employment by the beginning of the next school year.

Sec. 2. [136F.45] [EMPLOYER-PAID HEALTH INSURANCE.]

(a) This section applies to a person who:

(1) retires from the state university system, the technical college system, or the community college system, or from a successor system employing state university, technical college, or community college faculty, with at least ten years of combined service credit in a system under the jurisdiction of the higher education board;

(2) was employed on a full-time basis immediately preceding retirement as a state university, technical college, or community college faculty member or as an unclassified administrator in one of those systems;

(3) begins drawing an annuity from the teachers retirement association or from a first class city teacher plan; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than $35,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) For a person eligible under paragraphs (a) and (b), the employing board shall make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full time.

(d) For work under paragraph (a), a person must receive a percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement

incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the amount of the incentive must be the salary that would have been paid if the person had been employed full time for the year immediately preceding the time employment under this section ends.

Sec. 3. Minnesota Statutes 1994, section 352.01, subdivision 13, is amended to read:

Subd. 13. [SALARY.] "Salary" means ~~the periodical~~ wages, or other periodic compensation, paid to ~~any~~ an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs. ~~It also means wages and includes net income from fees.~~ Lump sum sick leave payments, severance payments, lump sum annual leave payments and overtime payments made at the time of separation from state service, payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage, and payments made as an employer-paid fringe benefit ~~and~~, workers' compensation payments, employer contributions to a deferred compensation or tax sheltered annuity program, and amounts contributed under a benevolent vacation and sick leave donation program are not salary.

Sec. 4. Minnesota Statutes 1994, section 354.445, is amended to read:

354.445 [NO ANNUITY REDUCTION.]

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the state university system, technical college system, or the community college system, or from a successor system employing state university, technical college, or community college faculty, with at least ten years of combined service credit in ~~the system from which the person retires~~ a system under the jurisdiction of the higher education board;

(2) was employed on a full-time basis immediately preceding retirement as a state university, technical college, or community college faculty member or as an unclassified administrator in one of these systems;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than $35,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in the teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than $35,000 in a calendar year from employment after retirement in the system from which the person retired, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over $35,000.

Sec. 5. Minnesota Statutes 1994, section 354.66, subdivision 4, is amended to read:

Subd. 4. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary in this chapter relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position under this section shall continue to make employee contributions to and to accrue allowable service credit in the retirement fund

during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, prior to June 30 each year, or within 30 days after notification by the association of the amount due, whichever is later, the member and the employing board make that portion of the required employer contribution to the retirement fund, in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for the services rendered in the part-time assignment. The employing unit shall make that portion of the required employer contributions to the retirement fund on behalf of the teacher that is based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354.43, subdivision 3. ~~If the teacher has 20 years or more of allowable service in the fund or 20 years or more of full time teaching service, the employer shall make the full employer contribution to the fund based on the compensation that would have been paid if the teacher had been employed on a full-time basis.~~ The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42. Full accrual of allowable service credit and employee contributions for part-time teaching service pursuant to this section and section 354A.094 shall not continue for a period longer than ten years.

Sec. 6. Minnesota Statutes 1994, section 354A.094, subdivision 4, is amended to read:

Subd. 4. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary in this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position under this section shall continue to make employee contributions to and to accrue allowable service credit in the applicable association during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, prior to June 30 each year the member and the employing board make that portion of the required employer contribution to the applicable association in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for services rendered in the part-time assignment. The employer contributions to the applicable association on behalf of the teacher shall be based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354.43, subdivision 3. ~~If the teacher has 20 years or more of allowable service in the association or 20 years or more of full time teaching service, the employer shall make the full employer contribution to the fund, based on the compensation that would have been paid if the teacher had been employed on a full time basis.~~ The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12. Full membership, accrual of allowable service credit and employee contributions for part-time teaching service by a teacher pursuant to this section and section 354.66 shall not continue for a period longer than ten years.

Sec. 7. Minnesota Statutes 1994, section 354A.31, is amended by adding a subdivision to read:

Subd. 3a. [NO ANNUITY REDUCTION.] (a) The annuity reduction provisions of subdivision 3 do not apply to a person who:

(1) retires from the technical college system with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement as a technical college faculty member;

(3) begins drawing an annuity from a first class city teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the technical college system under an agreement in which the person may not earn a salary of more than $35,000 in a calendar year from the technical college system.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may

require up to a one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in a first class city teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

Sec. 8. Minnesota Statutes 1994, section 354B.05, subdivision 2, is amended to read:

Subd. 2. [PURCHASE OF CONTRACTS.] The ~~state university board and the community college~~ higher education board shall arrange for the purchase of annuity contracts, fixed, variable, or a combination of fixed and variable, or custodial accounts from financial institutions selected by the state board of investment under subdivision 3, to provide retirement benefits to members of the plan. The contracts or accounts must be purchased with contributions under section 354B.04 or money or assets otherwise provided by law or by authority of the ~~state university board or community college~~ higher education board and acceptable by the financial institutions from which the contracts or accounts are purchased.

Sec. 9. Minnesota Statutes 1994, section 354B.05, subdivision 3, is amended to read:

Subd. 3. [SELECTION OF FINANCIAL INSTITUTIONS.] The supplemental investment fund administered by the state board of investment is one of the investment options for the plan. The state board of investment may select up to five other financial institutions to provide annuity products. In making their selections, the board shall consider at least these criteria:

(1) the experience and ability of the financial institution to provide retirement and death benefits suited to the needs of the covered employees;

(2) the relationship of the benefits to their cost; and

(3) the financial strength and stability of the institution.

The state board of investment must periodically review at least every three years each financial institution selected by the state board of investment. The state board of investment may retain consulting services to assist in the periodic review, may establish a budget for its costs in the periodic review process, and may charge a proportional share of those costs to each financial institution selected by the state board of investment. All contracts must be approved by the state board of investment before execution by the ~~state university board and the community college~~ higher education board. The state board of investment shall also establish policies and procedures under section 11A.04, clause (2), to carry out this subdivision.

The chancellor of the ~~state university system and the chancellor of the state community college~~ higher education system shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel in the supplemental plan who elect an investment option other than the supplemental investment fund, except that shares in the fixed interest account attributable to any guaranteed investment contract as of July 1, 1994, must not be redeemed until the expiration dates for the guaranteed investment contracts. The ~~chancellors~~ chancellor shall transfer the cash realized to the financial institutions selected by the ~~state university board and the community college~~ board under this section ~~354B.05~~.

Sec. 10. Minnesota Statutes 1994, section 354B.07, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT AND ELIGIBILITY.] (a) [REGULAR UNCLASSIFIED EMPLOYEES.] The supplemental retirement plan for personnel employed by the state university board, the state board for community colleges, the higher education board, and ~~effective July 1, 1995~~, the technical colleges, who are in the unclassified service of the state commencing July 1 following the completion of the second year of their full-time contract is governed by this section. Once a person qualifies for participation in the supplemental plan, all subsequent service by the person as an unclassified employee of the state university board, the state board for community colleges, the higher education board, or the technical colleges is covered by the supplemental plan.

(b) [CETA UNCLASSIFIED EMPLOYEES.] An unclassified employee employed by the state university board or the state board for community colleges in subsidized on-the-job training, work experience, or public service employment as an enrollee under the federal Comprehensive Employment and Training Act is not included in the supplemental retirement plan provided for in this section after March 30, 1978, unless the unclassified employee has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement fund providing primary retirement coverage to meet the minimum vesting requirements for a deferred retirement annuity, or the board agrees in writing to make the employer contribution required by this section on account of that unclassified employee from revenue sources other than funds provided under the federal Comprehensive Employment and Training Act, or the unclassified employee agrees in writing to make the employer contribution required by this section in addition to the member contribution.

Sec. 11. Minnesota Statutes 1994, section 354B.07, subdivision 2, is amended to read:

Subd. 2. [REDEMPTIONS.] The chancellor of the ~~state university system and the chancellor of the state community college~~ higher education system shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel in the supplemental plan who elect an investment option other than the supplemental investment fund, except that shares in the fixed interest account attributable to any guaranteed investment contract as of July 1, 1994, may not be redeemed until the expiration dates for the guaranteed investment contracts. The ~~chancellors~~ chancellor shall transfer the cash realized to the financial institutions selected by the ~~state university board and the community college~~ board under section 354B.05.

Sec. 12. Minnesota Statutes 1994, section 354B.08, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATION.] (a) The chancellor of the ~~state university system and the chancellor of the state community college~~ higher education system shall administer the supplemental retirement plan for their employees. The ~~chancellors~~ chancellor shall invest contributions made under this section, less amounts used for administrative expenses, as authorized by law. The retirement contributions and death benefits provided by annuity contracts or custodial accounts purchased by the ~~chancellors~~ chancellor are owned by the plan and must be paid in accordance with the annuity contracts or custodial accounts.

(b) Effective July 1, 1995, administration of the plan must transfer to the higher education board.

Sec. 13. Minnesota Statutes 1994, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds and the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a one-year period.

(3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:

(a) The laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered fund with which the person earned a minimum of one-half year of allowable service credit during that employment.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.

(e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, except the basic program of the teachers retirement association, the public employees police and fire fund, must not exceed 2-1/2 percent per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund must not exceed 2.65 percent per year of service for any year of service or fraction thereof. The formula percentage used by the teachers retirement association must not exceed 2.63 percent per year of basic program service for any year of basic program service or fraction thereof.

(h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 14. [356.305] [PARTIAL PAYMENT OF PENSION PLAN REFUND.]

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan may repay a portion of all refunds. A partial refund repayment must comply with this section.

(b) The minimum portion of a refund repayment is one-third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the annual rate of 8.5 percent, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit is allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.

Sec. 15. Minnesota Statutes 1994, section 356.611, is amended to read:

356.611 [LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.]

Subdivision 1. [STATE SALARY LIMITATIONS.] (a) Notwithstanding any provision of law, bylaws, articles ~~or~~ of incorporation, retirement and disability allowance plan agreements, or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund under section 356.30, subdivision 3, may not exceed 95 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

(1) to the governor;

(2) to an employee of a political subdivision in a position that is excluded from the limit as specified under section 43A.17, subdivision 9; or

(3) to a state employee in a position for which the commissioner of employee relations has approved a salary rate that exceeds 95 percent of the governor's salary.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.

Subd. 2. [FEDERAL COMPENSATION LIMITS.] For members first contributing to a pension plan covered under section 356.30, subdivision 3, on or after July 1, 1995, compensation in excess of the limitation set forth in Internal Revenue Code 401(a)(17) shall not be included for contribution and benefit computation purposes. The compensation limit set forth in Internal Revenue Code 401(a)(17) on June 30, 1993, shall apply to members first contributing before July 1, 1995.

Sec. 16. [RETROACTIVE PROVISIONS.]

(a) A teacher who had at least three years of allowable service credit under Minnesota Statutes, chapter 354 or 354A, on July 1, 1994, and who worked part-time between July 1, 1994, and June 30, 1995, may be allowed to make contributions to and accrue allowable service credit in the applicable retirement fund, as if the teacher had been working full time, as provided in Minnesota Statutes, sections 354.66, subdivision 4, and 354A.094, subdivision 4, for service after July 1, 1994, and before June 30, 1995. If a teacher described in this paragraph wishes to obtain allowable service credit as if the teacher had been working full time for the period from July 1, 1994, to June 30, 1995, the teacher must:

(1) make a lump sum payment to the applicable pension fund within 60 days after the effective date of this section of the difference between the amount of the employer and employee contributions to the pension fund that would have been paid if the teacher had been working full time, and that amount that was actually paid for part-time service during that period; and

(2) submit to the association a letter or other document from the board of the teacher's employing district stating that the board would have agreed to the teacher's participation in the part-time mobility program during the 1994-1995 school year but for the requirement then in effect that the district make the full employer contribution to the retirement fund for teachers with 20 or more years of service, based on the compensation that would have been paid if the teacher had been employed on a full-time basis.

(b) An employer of a teacher covered by paragraph (a) must notify the teacher of the option available under paragraph (a) in writing within 30 days of the effective date of this section.

Sec. 17. [EARLY RETIREMENT INCENTIVE.]

The metropolitan council or the Minnesota historical society may offer its eligible employees the early retirement incentive provided in sections 17 to 25.

Sec. 18. [ELIGIBILITY.]

An employee of a public employer specified in section 17 is eligible to receive the early retirement incentive if the employee:

(1) has at least 25 years of combined service credit in any covered fund or funds listed in Minnesota Statutes, section 356.30, subdivision 3, or for purposes of the incentive in section 19, subdivision 2 only, is at least 65 years old and has at least one year of combined service credit in these covered funds;

(2) upon retirement is immediately eligible for a retirement annuity from a defined benefit plan, if the person is a member of a defined benefit plan;

(3) is at least 55 years of age; and

(4) retires on or after May 23, 1995, and before January 31, 1996.

Sec. 19. [EARLY RETIREMENT INCENTIVE.]

Subdivision 1. [CHOICE.] An eligible employee may not choose both the incentive in subdivision 2 and the incentive in subdivision 3. The public employers specified in section 17 that choose to offer the early retirement incentive must offer included employees eligible for both incentives a choice between the incentive in subdivision 2 or 3.

Subd. 2. [FORMULA INCREASE OPTION.] For an employee covered by a retirement plan established in Minnesota Statutes, section 352.115, 352.116, 353.29, or 353.30, or chapter 354 or 422A, who selects the incentive under this subdivision, the multiplier percentage used to calculate the retirement annuity must be increased for each year of service credit up to 30 years. The amount of the increase is:

(1) .25 for each year of service credit calculated under Minnesota Statutes, section 352.115, 352.116, 353.29, or 353.30, or chapter 422A; and

(2) .10 for each year of service credit calculated under Minnesota Statutes, chapter 354 or 354A.

If an employee has more than 30 years of service credit, the increased multiplier applies only to the first 30 years.

Subd. 3. [INSURANCE OPTION.] For an employee who selects the incentive under this subdivision, the employer must pay for hospital, medical, and dental insurance under the following conditions and limitations. An employee is eligible for this employer-paid insurance only if the person:

(1) is eligible for employer-paid insurance under a collective bargaining agreement or personnel plan in effect on the day before the effective date of sections 17 to 25;

(2) has at least as many months of service with the current employer as the number of months younger than age 65 the person is at the time of retirement; and

(3) is under age 65.

Sec. 20. [LIMIT ON REHIRING.]

A public employer may not rehire an employee who retires under sections 17 to 25.

Sec. 21. [RETIREMENT.]

For purposes of sections 17 to 25, an employee retires when the employee terminates active employment and applies for retirement benefits.

Sec. 22. [CONDITIONS; INSURANCE COVERAGE.]

A retired employee is eligible for single and dependent insurance coverages and employer payments to which the employee was entitled immediately before retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or

personnel plans for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, chooses not to receive the retirement benefits for which the employee has applied, or becomes eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.

Sec. 23. [INCLUSION.]

A public employer that offers incentives under sections 17 to 25 shall designate the positions or group of positions affected by downsizing or restructuring that will qualify for participation in its early retirement plan and may exclude otherwise eligible employees.

Sec. 24. [PAYMENT OF COST OF EARLY RETIREMENT INCENTIVE.]

(a) A public employer referenced in section 17 which offers an early retirement incentive under section 19 must make an additional employer contribution to the applicable retirement plan from which an employee retired under the incentive program.

(b) The additional employer contribution is an amount equal to the difference in the amount of the reserve transfer under Minnesota Statutes, section 11A.18, or 422A.06, subdivision 8, with the early retirement incentive under section 19, subdivision 2, and without the early retirement incentive. The additional employer contribution must be paid prior to July 1, 1997. The public employer shall also pay compound interest on the additional employer contribution at an annual rate of 8.5 percent from the effective date of the retirement to the date of the payment of the additional employer contribution.

Sec. 25. [APPLICATION OF OTHER LAWS.]

Unilateral implementation of sections 17 to 25 by a public employer is not an unfair labor practice for purposes of Minnesota Statutes, chapter 179A. The requirement in sections 17 to 25 for an employer to pay health insurance coverage costs for certain retired employees is not subject to the limits in Minnesota Statutes, section 179A.20, subdivision 2a.

Sec. 26. [REPEALER.]

Minnesota Statutes 1994, sections 3A.10, subdivision 2; and 352.021, subdivision 5, are repealed.

Sec. 27. [EFFECTIVE DATE.]

(a) Sections 1, 10, and 15 are effective on July 1, 1995.

(b) Sections 3 and 16 are effective on the day following final enactment.

(c) Sections 5, 6, and 7 are effective on July 1, 1995 and apply to teaching service rendered after that date.

(d) Section 13 is effective retroactively to May 16, 1994.

(e) Sections 17 to 25 are effective on the day after final enactment.

(f) Section 26 is effective on July 1, 1995 and is not intended to reduce the service credit of a legislator for service recorded by the Minnesota state retirement system before July 1, 1995.

(g) Section 14 is effective on January 1, 1996.

ARTICLE 2

LOCAL GENERAL EMPLOYEE PENSION PLAN

BENEFIT AND RELATED MODIFICATIONS

Section 1. [354A.026] [DULUTH TEACHERS RETIREMENT FUND ASSOCIATION; EXCEPTION TO CERTAIN ACTUARIAL VALUATION PROVISIONS.]

Notwithstanding any provision of section 356.215, subdivision 4g, to the contrary, the amortization target date for use in determining the amortization contribution requirement in any actuarial valuation of the Duluth teachers retirement fund association after the date of enactment must be June 30, 2020.

Sec. 2. Minnesota Statutes 1994, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYEE CONTRIBUTIONS.] The contribution required to be paid by each member of a teachers retirement fund association shall not be less than the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth teachers retirement association	
old law and new law coordinated programs	~~4.5~~ 5.5 percent
Minneapolis teachers retirement association	
basic program	8.5 percent
coordinated program	4.5 percent
St. Paul teachers retirement association	
basic program	8 percent
coordinated program	4.5 percent

Contributions shall be made by deduction from salary and must be remitted directly to the respective teachers retirement fund association at least once each month.

Sec. 3. Minnesota Statutes 1994, section 354A.27, subdivision 1, is amended to read:

Subdivision 1. [~~ELIGIBILITY~~ POSTRETIREMENT ADJUSTMENT MODIFICATION.] ~~A person receiving a retirement annuity, disability benefit, or surviving spouse benefit or annuity from the Duluth teachers retirement fund association who has received the annuity or benefit for at least one year may be entitled to receive a lump sum postretirement adjustment under subdivision 2, in the discretion of the board of trustees under subdivision 3.~~ Any postretirement adjustment payable from the Duluth teachers retirement fund association must be computed and paid according to this section.

Sec. 4. Minnesota Statutes 1994, section 354A.27, is amended by adding a subdivision to read:

Subd. 5. [CALCULATION OF POSTRETIREMENT ADJUSTMENTS.] (a) Annually, after June 30, the board of trustees determines the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 6.

(b) Each person who has been receiving an annuity or benefit under the articles of incorporation, bylaws, or under this section for at least 12 months as of the date of the postretirement adjustment shall be eligible for a postretirement adjustment. The postretirement adjustment shall be payable each January 1. The postretirement adjustment shall be equal to two percent of the annuity or benefit to which the person is entitled one month prior to the payment of the postretirement adjustment.

Sec. 5. Minnesota Statutes 1994, section 354A.27, is amended by adding a subdivision to read:

Subd. 6. [ADDITIONAL INCREASE.] (a) In addition to the postretirement increases granted under subdivision 5, an additional percentage increase must be computed and paid under this subdivision.

(b) The board of trustees shall determine the number of annuitants or benefit recipients who have been receiving an annuity or benefit for at least 12 months as of the current June 30. These recipients are entitled to receive the surplus investment earnings additional postretirement increase.

(c) Annually, as of each June 30, the board shall determine the five-year annualized rate of return attributable to the assets of the Duluth teachers retirement fund association under the formula or formulas specified in section 11A.04, clause (11).

(d) The board shall determine the amount of excess five-year annualized rate of return over the preretirement interest assumption as specified in section 356.215.

(e) The additional percentage increase must be determined by multiplying the quantity one minus the rate of contribution deficiency, as specified in the most recent actuarial report of the actuary retained by the legislative commission on pensions and retirement, times the rate of return excess as determined in paragraph (d).

(f) The additional increase is payable to all eligible annuitants or benefit recipients on the following January 1.

Sec. 6. Minnesota Statutes 1994, section 354A.31, subdivision 4, is amended to read:

Subd. 4. [COMPUTATION OF THE NORMAL COORDINATED RETIREMENT ANNUITY; MINNEAPOLIS AND ST. PAUL FUNDS.] (a) This subdivision applies to the coordinated programs of the Minneapolis teachers retirement fund association and the St. Paul teachers retirement fund association.

(b) The normal coordinated retirement annuity shall be an amount equal to a retiring coordinated member's average salary multiplied by the retirement annuity formula percentage. Average salary for purposes of this section shall mean an amount equal to the average salary upon which contributions were made for the highest five successive years of service credit, but which shall not in any event include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of service credit if this service credit is less than five years.

~~(b)~~ (c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph ~~(c)~~ (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph ~~(c)~~ (d) will apply. The retirement annuity formula percentage for purposes of this paragraph is one percent per year for each year of coordinated service for the first ten years and 1.5 percent for each year of coordinated service thereafter.

~~(c)~~ (d) This paragraph applies to a person who has become at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7 is higher than it is when calculated under paragraph ~~(b)~~ (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is 1.5 percent for each year of coordinated service.

Sec. 7. Minnesota Statutes 1994, section 354A.31, is amended by adding a subdivision to read:

Subd. 4a. [COMPUTATION OF THE NORMAL COORDINATED RETIREMENT ANNUITY; DULUTH FUND.] (a) This subdivision applies to the new law coordinated program of the Duluth teachers retirement fund association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary multiplied by the retirement annuity formula percentage. Average salary for purposes of this section means an amount equal to the average salary upon which contributions were made for the highest five successive years of service credit, but may not in any event include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of service credit if this service credit is less than five years.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a

member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) applies. The retirement annuity formula percentage for purposes of this paragraph is 1.13 percent per year for each year of coordinated service for the first ten years and 1.63 percent for each subsequent year of coordinated service.

(d) This paragraph applies to a person who is at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who is at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction with subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is 1.63 percent for each year of coordinated service.

Sec. 8. Minnesota Statutes 1994, section 356.865, subdivision 3, is amended to read:

Subd. 3. [COST.] The cost of the payments made under this section is the responsibility of the state. ~~The annual amortization amount must~~ For state fiscal years 1992 to 2001 inclusive, there is appropriated annually $550,000 from the general fund to the commissioner of finance to be added, in quarterly installments, to the annual state contribution amount determined under section 422A.101, subdivision 3~~, effective July 1, 1991~~.

Sec. 9. Minnesota Statutes 1994, section 422A.05, is amended by adding a subdivision to read:

Subd. 8. [HEALTH INSURANCE.] The retirement board may authorize the executive director or the executive director's designee to:

(1) offer the beneficiaries of the fund the option of having their health insurance premiums deducted automatically from their monthly benefit amounts and paid to a designated insurer; and

(2) provide beneficiaries information about available group health insurance plan options.

Beneficiaries who elect to avail themselves of this service are ultimately responsible for the timely payment of premiums and the payment of premiums in the proper amount.

Sec. 10. Minnesota Statutes 1994, section 422A.09, subdivision 2, is amended to read:

Subd. 2. The contributing class shall consist of all employees not included in the exempt class, who become prospective beneficiaries of the fund created by sections 422A.01 to 422A.25.

A member of the contributing class who is granted a leave of absence without pay by the member's employer to serve as an employee or agent of a labor union ~~primarily~~ representing members of the contributing class may continue as a member of the contributing class during the period of such leave of absence by depositing each month with the fund the amount of the contribution of the employee as required by sections 422A.01 to 422A.25 which amount shall be the normal employee contribution.

The contributions referred to in this subdivision shall be based on the salary for the position or its equivalent held by the member immediately prior to such leave of absence subject to any adjustment thereof during the period of such leave.

Sec. 11. [INITIAL ADJUSTMENT.]

Subdivision 1. [LUMP-SUM POSTRETIREMENT ADJUSTMENT TRANSITION.] For all annuitants and beneficiaries of the association who previously received a lump-sum postretirement adjustment, before calculation of the first postretirement adjustment under sections 5 and 6, their annual retirement annuity or benefit shall be permanently increased by the amount of their previous lump-sum postretirement adjustment.

Subd. 2. [ANNUITIZED POSTRETIREMENT ADJUSTMENT TRANSITION.] For all annuitants and beneficiaries of the association who chose to annuitize previous lump-sum postretirement adjustments, before calculation of the first postretirement adjustment under sections 5 and 6, their annual retirement annuity or benefit shall include the benefits supported by the accumulated annuitized value due to annuitizing their previous lump-sum postretirement adjustments.

Sec. 12. [DULUTH OLD PLAN BYLAWS; AUTHORITY GRANTED TO INCREASE FORMULAS.]

In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the Duluth teachers retirement fund association to amend its articles of incorporation or bylaws by increasing the formula percentage used in computing annuities for old law coordinated program members in the Duluth teachers retirement fund association to 1.38 percent for each year of service.

Sec. 13. [DULUTH OLD PLAN BYLAWS.]

In accordance with Minnesota Statutes, section 354A.12, subdivision 4, the Duluth teachers retirement fund association shall amend its articles of incorporation or bylaws to conform to sections 2, 3, 4, 5, and 11.

Sec. 14. [REPEALER.]

Minnesota Statutes 1994, section 354A.27, subdivisions 2, 3, and 4, are repealed.

Sec. 15. [EFFECTIVE DATE.]

(a) Section 2 is effective on the first day of the first payroll period beginning after July 1, 1995.

(b) Sections 3, 4, 5, 11, 13, and 14 are effective November 1, 1995.

(c) Sections 1, 6, 7, and 12 are effective May 15, 1995.

(d) Sections 9 and 10 are effective on the day following final enactment.

(e) Section 8 is effective on the day following final enactment.

ARTICLE 3

PUBLIC SAFETY EMPLOYEE PENSION PLAN BENEFIT AND RELATED MODIFICATIONS

Section 1. Minnesota Statutes 1994, section 352B.02, subdivision 1a, is amended to read:

Subd. 1a. [MEMBER CONTRIBUTIONS.] Each member shall pay a sum equal to ~~8.5~~ 8.92 percent of the member's salary, which shall constitute the member contribution to the fund.

Sec. 2. Minnesota Statutes 1994, section 352B.08, subdivision 2, is amended to read:

Subd. 2. [NORMAL RETIREMENT ANNUITY.] The annuity must be paid in monthly installments. The annuity shall be equal to the amount determined by multiplying the average monthly salary of the member by ~~2-1/2~~ 2.65 percent for each year and pro rata for completed months of service.

Sec. 3. Minnesota Statutes 1994, section 352B.10, subdivision 1, is amended to read:

Subdivision 1. [INJURIES, PAYMENT AMOUNTS.] Any member who becomes disabled and physically or mentally unfit to perform duties as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, shall receive disability benefits while disabled. The benefits must be paid in monthly installments equal to the member's average monthly salary multiplied by ~~50~~ 53 percent, plus an additional ~~2-1/2~~ 2.65 percent for each year and pro rata for completed months of service in excess of 20 years, if any.

Sec. 4. Minnesota Statutes 1994, section 353.651, subdivision 4, is amended to read:

Subd. 4. [EARLY RETIREMENT.] Any police officer or firefighter member who has become at least 50 years old and who has at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced ~~so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity from the day the annuity begins to~~

~~accrue until the member attains age 55~~ by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

Sec. 5. Minnesota Statutes 1994, section 353A.083, is amended to read:

353A.083 [PERA-P&F BENEFIT PLAN APPLICABLE TO PRE-1993 CONSOLIDATIONS.]

Subdivision 1. [PRE-1993 CONSOLIDATIONS.] For any consolidation account in effect on May 24, 1993, the public employee police and fire fund benefit plan applicable to consolidation account members who have elected or will elect that benefit plan coverage under section 353A.08 is the pre-July 1, 1993, public employees police and fire fund benefit plan unless the applicable municipality approves the extension of the post-June 30, 1993, public employees police and fire fund benefit plan to the consolidation account.

Subd. 2. [PRE-1995 CONSOLIDATIONS.] For any consolidation account in effect on July 1, 1995, the public employee police and fire fund benefit plan applicable to consolidation account members who have elected or will elect that benefit plan coverage under section 353A.08 is the pre-July 1, 1995, public employees police and fire fund benefit plan unless the applicable municipality approves the extension of the post-June 30, 1995, public employees police and fire fund benefit plan to the consolidation account.

Sec. 6. Minnesota Statutes 1994, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds and the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a one-year period.

(3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:

(a) The laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered fund with which the person earned a minimum of one-half year of allowable service credit during that employment.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.

(e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, except the public employees police and fire fund and the state patrol retirement fund, must not exceed 2-1/2 percent per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund and the state patrol retirement fund must not exceed 2.65 percent per year of service for any year of service or fraction thereof.

(h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 7. Laws 1994, chapter 499, section 2, is amended to read:

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the first of the month next following:

(1) receipt of an affirmative written determination from the ~~Secretary of the federal Department of Health and Human Services~~ Social Security Administration of ineligibility for coverage under the federal old age, survivors, and disability insurance; and

(2) approval by the Hennepin county board and compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, except that, for section 1 to be deemed approved, a certificate of approval must be filed within the year following receipt of the written affirmative determination from the Social Security Administration, or before January 1, 1998, whichever is earlier.

Sec. 8. [REPEALER; WILLMAR VOLUNTEER FIRE DISABILITY PROVISION.]

Laws 1971, chapter 127, section 1, as amended by Laws 1979, chapter 201, section 28, is repealed.

Sec. 9. [EFFECTIVE DATE.]

(a) Section 1 is effective on the first day of the first full pay period occurring after July 1, 1995.

(b) Sections 2, 3, and 6 are effective on July 1, 1995.

(c) Section 7 is effective on the day following final enactment.

(d) Sections 4 and 5 are effective on July 1, 1996.

(e) Section 8 is effective on the day following approval by the city council of the city of Willmar and compliance with Minnesota Statutes, section 645.021.

ARTICLE 4

ADDITIONAL POLICE AND FIRE AMORTIZATION AID

Section 1. Minnesota Statutes 1994, section 353.65, subdivision 7, is amended to read:

Subd. 7. [EXCESS CONTRIBUTIONS HOLDING ACCOUNT.] (a) The excess contributions holding account is established in the public employees retirement association. Excess contributions established by section 69.031, subdivision 5, paragraphs (2), clauses (b) and (c), and

(3) must be deposited in the account. These contributions and all investment earnings associated with them must be regularly transferred as provided in paragraph (b).

(b) From the amount of the excess contributions and associated investment earnings:

(1) $1,000,000 must be transferred annually to the ambulance service personnel longevity award and incentive suspense account established by section 144C.03, subdivision 2; and

(2) any remaining balance, after deduction of the additional amortization aid allocation, if any, under paragraph (d), must be transferred to the general fund.

(c) If a law is enacted creating a police officer stress reduction program, and money is appropriated for the program, an amount equal to the appropriation must be transferred from the excess contributions holding account to the stress reduction program before money is ~~transferred to the general fund~~ allocated under paragraph (b), clause (2).

(d) On October 1, 1997, and annually on each October 1 thereafter, one-half of the money in the excess contributions holding account under paragraph (b), clause (2), collected during the immediately preceding July 1 through June 30 period must be allocated by the commissioner of revenue to all local police or salaried firefighter relief associations governed by and in full compliance with section 69.77 that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31, and to all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented Minnesota Statutes 1994, section 353A.083, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 5, if the effective date of the consolidation preceded the date of enactment, on the basis of the relief association or consolidation account's proportional share of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, or June 30, 1994, whichever applies.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following enactment.

ARTICLE 5

HIGHER EDUCATION SYSTEM EARLY RETIREMENT EMPLOYER-PAID HEALTH INSURANCE PREMIUM INCENTIVE

Section 1. [STATE COLLEGE AND UNIVERSITY EARLY RETIREMENT INCENTIVES.]

Subdivision 1. [INTENT.] To avoid the disruptive effects of employee layoffs due to campus consolidations, mergers, and budget reductions resulting in downsizing within the Minnesota state colleges and universities and the higher education coordinating board, an employer-funded early retirement incentive is made available in this section to employees of the state universities, community colleges, technical colleges, the existing system central offices, and the higher education coordinating board.

Subd. 2. [EMPLOYER PARTICIPATION.] The early retirement incentives provided in this section may be offered to eligible employees in the state university, community college, technical college systems, the higher education board, and the higher education coordinating board. The incentives apply to personnel in any state university, community college, or technical college department being downsized or where a reduction in force has been declared by the president of the institution. In the case of personnel in the chancellor's office, a reduction in force must be declared by the chancellor or the chancellor's designee or the executive director of the higher education coordinating board. Positions that are not assigned to a specific department or support positions that are assigned campus-wide or to a specific department are considered to be campus-wide in jurisdiction and eligible for this incentive as part of the reduction-in-force declaration.

Subd. 3. [ELIGIBILITY.] A person identified in subdivision 2 is eligible to receive the incentives if the person:

(1) has at least 15 years of combined service credit in any Minnesota public pension plans governed by Minnesota Statutes, section 356.30, subdivision 3, and the plan governed by Minnesota Statutes, chapter 354B;

(2) upon retirement is immediately eligible for a retirement annuity from a defined benefit plan if the person is a member of a defined benefit plan;

(3) is at least 55 years of age; and

(4) either retires before January 31, 1996, or, for a person who first becomes eligible for this incentive between January 31, 1996, and December 31, 1996, retires before January 31, 1997.

Subd. 4. [INCENTIVE.] Persons who retire under this section are eligible to receive employer-paid hospital, medical, and dental insurance, subject to the conditions in subdivision 5 and at the level and under conditions existing at the time of retirement.

Subd. 5. [LIMITS ON REHIRING.] Persons retiring under the provisions of this section may not be reemployed by the state or hired under a professional technical contract in any capacity except:

(1) under conditions of a stated emergency, and then only if the rehire or contract is approved by the higher education board or the higher education coordinating board under procedures adopted by the boards; and

(2) if rehired as adjunct faculty as defined in the appropriate bargaining agreement, or, if rehired by another executive branch agency of state government, if the retired employee works only on a seasonal, temporary, or intermittent basis as defined in Minnesota Statutes, section 43A.02, subdivision 23, or 179A.03, subdivision 14, clause (f), for no more than 1,044 hours in any consecutive 12-month period.

Subd. 6. [CONDITIONS; INSURANCE COVERAGE.] (a) A retired employee is eligible for single and dependent insurance coverages and employer payments to which the person was entitled immediately before retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee reaches age 65, when the person chooses not to receive the retirement benefits for which the person has applied, or when the person is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.

(b) If an employing unit referenced in subdivision 1 offers the incentive under this section and is subsequently eliminated or reorganized, the successor organization, if any, is obligated to pay the insurance premium incentive.

Subd. 7. [APPLICATION OF OTHER LAWS.] Unilateral implementation of this section by a public employer is not an unfair labor practice for the purposes of Minnesota Statutes, chapter 179A. The requirement in this section for an employer to pay health insurance costs for certain retired employees is not subject to the limits in Minnesota Statutes, section 179A.20, subdivision 2a.

Sec. 2. [NOTIFICATION OF SUBSEQUENT HEALTH COVERAGE: PENALTY FOR NOTIFICATION FAILURE.]

(a) An employee who accepts the early retirement incentive benefit under section 1 agrees as a condition of receipt of the incentive to notify the higher education board or the higher education coordinating board within 30 days of the event that the person is eligible for employer-paid health insurance from subsequent employment.

(b) Failure to make the notification required in paragraph (a) obligates the person to reimburse the higher education board or the higher education coordinating board for any insurance premiums that it paid since the person became eligible for the subsequent employment health insurance coverage.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective on the day following final enactment.

ARTICLE 6

PUBLIC PENSION PLAN COLLATERALIZATION REQUIREMENT AND INVESTMENT AUTHORITY STATEMENT

Section 1. Minnesota Statutes 1994, section 356A.06, is amended by adding a subdivision to read:

Subd. 8a. [COLLATERALIZATION REQUIREMENT.] (a) The governing board of a covered pension plan shall designate a national bank, an insured state bank, an insured credit union, or an insured thrift institution as the depository for the pension plan for assets not held by the pension plan's custodian bank.

(b) Unless collateralized as provided under paragraph (c), a covered pension plan may not deposit in a designated depository an amount in excess of the insurance held by the depository in the federal deposit insurance corporation, the federal savings and loan insurance corporation, or the national credit union administration, whichever applies.

(c) For an amount greater than the insurance under paragraph (b), the depository must provide collateral in compliance with section 118.01 or with any comparable successor enactment relating to the collateralization of municipal deposits.

Sec. 2. Minnesota Statutes 1994, section 356A.06, is amended by adding a subdivision to read:

Subd. 8b. [DISCLOSURE OF INVESTMENT AUTHORITY; RECEIPT OF STATEMENT.] (a) For this subdivision, the term "broker" means a broker, broker-dealer, investment advisor, investment manager, or third party agent who transfers, purchases, sells, or obtains investment securities for, or on behalf of, a covered pension plan.

(b) Before a covered pension plan may complete an investment transaction with or in accord with the advice of a broker, the covered pension plan shall provide annually to the broker a written statement of investment restrictions applicable under state law to the covered pension plan or applicable under the pension plan governing board investment policy.

(c) A broker must acknowledge in writing annually the receipt of the statement of investment restrictions and must agree to handle the covered pension plan's investments and assets in accord with the provided investment restrictions. A covered pension plan may not enter into or continue a business arrangement with a broker until the broker has provided this written acknowledgment to the chief administrative officer of the covered pension plan.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective January 1, 1996.

ARTICLE 7

MEDICAL CENTER EMPLOYEES

Section 1. [EMPLOYEES.]

This section applies if the Itasca county medical center is sold, leased, or transferred to a private entity. Notwithstanding any provision of Minnesota Statutes, sections 356.24 and 356.25 to the contrary, to facilitate the orderly transition of employees affected by the sale, lease, or transfer, the county may, in its discretion, make, from assets to be transferred to the private entity, payments to a qualified pension plan established for the transferred employees by the private entity, to provide benefits substantially similar to those the employees would have been entitled to under the provisions of the public employees retirement association, Minnesota Statutes 1994, sections 353.01 to 353.46.

ARTICLE 8

LEGISLATORS' SURVIVOR BENEFITS

Section 1. Minnesota Statutes 1994, section 3A.02, subdivision 5, is amended to read:

Subd. 5. [OPTIONAL ANNUITIES.] (a) The board of directors shall establish an optional retirement annuity in the form of a joint and survivor annuity and an optional retirement annuity in the form of a period certain and life thereafter. Except as provided in paragraph (b), these optional annuity forms must be actuarially equivalent to the normal annuity computed under this section, plus the actuarial value of any surviving spouse benefit otherwise potentially payable at the time of retirement under section 3A.04, subdivision 1. An individual selecting ~~the~~ an optional annuity under this subdivision waives any rights to surviving spouse benefits under section 3A.04, subdivision 1.

(b) If a retired legislator selects the joint and survivor annuity option, the retired legislator must receive a normal single-life annuity if the designated optional annuity beneficiary dies before the retired legislator and no reduction may be made in the annuity to provide for restoration of the normal single-life annuity in the event of the death of the designated optional annuity beneficiary.

(c) The surviving spouse of a legislator who has attained at least age 60 and who dies while a member of the legislature may elect an optional joint and survivor annuity under paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision 1.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 9

VOLUNTEER FIREFIGHTER REPORTING

Section 1. Minnesota Statutes 1994, section 356.219, subdivision 2, is amended to read:

Subd. 2. [CONTENT AND TIMING OF REPORTS.] (a) The following information shall be included in the report required by subdivision 1:

(1) the market value of all investments at the close of the reporting period;

(2) regular payroll-based contributions to the fund;

(3) other contributions and revenue paid into the fund, including, but not limited to, state or local non-payroll-based contributions, repaid refunds, and buybacks;

(4) total benefits paid to members;

(5) fees paid for investment management services;

(6) salaries and other administrative expenses paid; and

(7) total return on investment.

The report must also include a written statement of the investment policy in effect on June 30, 1988, and any investment policy changes made subsequently and shall include the effective date of each policy change. The information required under this subdivision must be reported separately for each investment account or investment portfolio included in the pension fund.

(b) For public pension plans other than volunteer firefighters' relief associations governed by sections 69.77 or 69.771 to 69.775, the information specified in paragraph (a) must be provided separately for each quarter for the fiscal years of the pension fund ending during calendar years 1989 through 1991 and on a monthly basis thereafter. For volunteer firefighters' relief associations governed by sections 69.77 or 69.771 to 69.775, the information specified in paragraph (a) must be provided separately each quarter.

(c) Firefighters' relief associations that have assets with a market value of less than $300,000 must begin collecting the required information January 1, 1996, and must submit the required information to the state auditor on or before October 1, ~~1995~~ 1997, and subsequently within six

months of the end of each fiscal year. Other associations must submit the required information through fiscal year 1993 to the state auditor on or before October 1, 1994, and subsequently within six months of the end of each fiscal year.

ARTICLE 10

LOCAL PENSION PLAN MODIFICATIONS

Section 1. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]

Notwithstanding any general or special law to the contrary, in addition to the current pensions and other retirement benefits payable, the pensions and retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund are increased by $100 a month. Increases are retroactive to January 1, 1995. If the city of Eveleth fails to contribute an amount required in a given year sufficient to amortize the unfunded actuarial accrued liability of the police and fire trust fund by December 31, 1998, the increases under this section in the following year are not payable.

Sec. 2. [DULUTH TEACHERS RETIREMENT FUND ASSOCIATION; SPECIAL SERVICE PURCHASE AUTHORIZATION FOR CERTAIN FORMER DULUTH TECHNICAL COLLEGE TEACHERS.]

(a) A retired member of the Duluth teachers retirement fund association who:

(1) was born on April 29, 1932;

(2) was initially employed by independent school district No. 709 on September 8, 1970;

(3) terminated employment as a teacher at the Duluth technical college on July 1, 1994;

(4) retired from the Duluth teachers retirement fund association effective on July 15, 1994; and

(5) did not receive certification of eligibility for an early separation incentive from the chancellor of the higher education board in a timely fashion, but did eventually receive the required certification on October 24, 1994;

may purchase two years of additional service credit from the Duluth teachers retirement fund association as provided in Laws 1994, chapter 572, section 3, subdivision 3, paragraph (e), clause (2), item (i), as though otherwise qualified, to have the person's retirement annuity from the Duluth teachers retirement fund association recomputed based on the additional service credit, and to have any medical insurance premiums that the person paid subsequent to retirement reimbursed by the Duluth technical college on the basis of the provisions of Laws 1994, chapter 572, section 3, subdivision 3, paragraph (e), clause (1).

(b) The purchase of additional service credit must be made before July 1, 1995.

(c) The recomputed retirement annuity must be based on any optional annuity form selected upon retirement and must be subject to the early retirement reduction imposed upon retirement. The recomputed annuity accrues as of the effective date of retirement and any omitted retirement annuity amounts from the date of retirement to the date of recomputation must be paid in a lump sum as soon as practicable following the recomputation and must include annual interest on the omitted amounts at the rate of six percent, expressed as a monthly rate, and compounded monthly.

(d) If the retired member seeks reimbursement for medical insurance premiums, the retired member must furnish the president of the Duluth technical college with reasonable verification of medical insurance coverage and of prior medical insurance premiums paid.

Sec. 3. [MINNEAPOLIS EMPLOYEES RETIREMENT FUND; TEMPORARY OPTION.]

Notwithstanding any law to the contrary, a retired member of the Minneapolis employees retirement fund who elected a joint and survivor optional annuity form at the time of retirement and who has a living designated optional annuity recipient may select a substitute joint and survivor option under which the retired member will receive a normal single-life annuity if the previously designated recipient dies before the retired member. This substitute optional annuity

must be the actuarial equivalent of the joint and survivor annuity option amount in effect at the time this option substitution is selected, as determined by an actuary selected by the legislative commission on pensions and retirement. This option must be exercised before July 1, 1996, according to procedures specified by the board of the Minneapolis employees retirement fund.

Sec. 4. [WEST ST. PAUL POLICE CONSOLIDATION ACCOUNT; CERTAIN SURVIVING SPOUSE BENEFITS.]

(a) Notwithstanding Minnesota Statutes, section 353A.08, the surviving spouse of a person described in paragraph (b) is entitled to receive survivor benefits provided under paragraph (c).

(b) This section applies to the surviving spouse of a person who was:

(1) employed as a police chief by the city of West St. Paul;

(2) an active member of the West St. Paul police relief association on February 8, 1993, when the governing body of West St. Paul, in accordance with Minnesota Statutes, section 353A.04, subdivision 5, gave preliminary approval to the consolidation of the association with the public employees retirement association;

(3) whose intention, upon consolidation, to elect benefits provided under the relevant provisions of the public employees retirement association police and fire fund benefit plan was recognized by the governing body of West St. Paul in a resolution adopted March 16, 1994;

(4) who died in April 1993, before the governing body of West St. Paul, on August 23, 1993, gave final approval to the consolidation in accordance with Minnesota Statutes, section 353A.04, subdivision 8; and

(5) who was thus unable, before his death, to carry out his intent to elect public employees retirement association benefits under Minnesota Statutes, section 353A.08.

(c) As of the effective date of this section, benefits for the surviving spouse identified in paragraph (b) computed under provisions of the West St. Paul police relief association plan terminate and survivor benefits computed under relevant provisions of the public employees retirement association police and fire plan commence. The relevant provisions of the public employees retirement association police and fire plan are survivor benefits computed under section 353.657, assuming the deceased police officer was covered by that plan at the time of death. The benefit will include adjustments, if any, under section 353.271. Retroactive payment of benefits is not authorized.

Sec. 5. [EDEN PRAIRIE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION SERVICE PENSIONS.]

Subdivision 1. [SERVICE PENSION VESTING REQUIREMENT.] (a) Notwithstanding any provision of Minnesota Statutes, section 424A.02, subdivision 2, to the contrary, if the bylaws of the relief association so provide, the Eden Prairie volunteer firefighters relief association may pay an unreduced service pension to a member of the association who has terminated active service as a firefighter in the Eden Prairie fire department, who has at least ten years of service as an active firefighter in good standing with the department and at least ten years of membership in good standing in the association, and who meets all other applicable eligibility requirements of the association for entitlement to a service pension.

(b) Notwithstanding any provision of Minnesota Statutes, section 424A.02, subdivision 2, to the contrary, if the bylaws of the association so provide, the association may pay a reduced service pension to a member of the association who has terminated active service as a firefighter in the department, who has at least five years of service but less than ten years of service as an active firefighter in good standing with the department and at least five years but less than ten years as a member in good standing in the association, and who meets all other applicable eligibility requirements of the association for entitlement to a service pension. The amount of the reduced service pension is the amount determined by multiplying the total service pension amount as specified in the articles of incorporation or bylaws of the association that is appropriate for the number of completed years of service to the credit of the retiring member by the applicable percentage, as follows:

Completed years of service	Applicable percentage
5	40 percent
6	52 percent
7	64 percent
8	76 percent
9	88 percent
10 and thereafter	100 percent.

Subd. 2. [POSTRETIREMENT SERVICE PENSION ADJUSTMENTS FOR DEFERRED RETIREES.] (a) A "deferred retiree" is a former Eden Prairie volunteer firefighter who has completed at least five years of service as a firefighter in good standing with the Eden Prairie volunteer fire department and five years as a member in good standing in the Eden Prairie volunteer firefighters relief association and has separated from active service as a firefighter before attaining the earliest age for immediate receipt of service pension from the association as provided in the articles of incorporation or the bylaws of the association.

(b) Notwithstanding any provision of Minnesota Statutes, section 424A.02 to the contrary, if the articles of incorporation or bylaws of the association so provide, and if the Eden Prairie city council approves the deferred service pension increase under Minnesota Statutes, sections 69.773, subdivision 6, and 424A.02, subdivision 10, a deferred retiree who has credit for at least 15 years of active service with the department and who has not elected to receive a lump sum service pension as an alternative to a monthly service pension, may receive the same postretirement increase in the amount of that deferred monthly service pension that is approved and is payable to an association service pension recipient under Minnesota Statutes, section 424A.02, subdivision 9a.

(c) A deferred retiree who has credit for less than 15 years of active service with the department is not eligible for a postretirement increase.

Sec. 6. [RETURNING ANNUITANT.]

(a) Notwithstanding any provision of Minnesota Statutes, section 353.37 to the contrary, an eligible person described in paragraph (b) will be treated as specified in paragraph (c).

(b) An eligible person is a person who:

(1) was born on December 9, 1936;

(2) terminated from the Carlton county human services department as a financial eligibility specialist and retired from the public employees retirement association on April 1, 1992; and

(3) returned to Carlton county employment as a financial worker.

(c) As of the effective date of this section, annuity payments from the public employees retirement association terminate for an eligible person described in paragraph (b). As of that date the person is considered to have elected a deferred annuity under Minnesota Statutes, section 353.34, subdivision 3, with deferred annuity payments to commence upon the termination of the person's present employment. During the person's present employment, the person is entitled to participation in the public employees unclassified plan, and the person and the county shall make the contributions required under Minnesota Statutes, section 353D.03, paragraph (a).

Sec. 7. [REPEALER.]

Minnesota Statutes 1994, section 423B.02, is repealed effective March 1, 1995.

Sec. 8. [EFFECTIVE DATE.]

(a) Section 1 is effective on approval by the Eveleth city council and compliance with Minnesota Statutes, section 645.021.

(b) Section 2 is effective on the day following approval by the board of education of independent school district No. 709 and compliance with Minnesota Statutes, section 645.021.

(c) Section 3 is effective on approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021.

(d) Section 4 is effective on the day following approval by the governing body of the city of West St. Paul and compliance with Minnesota Statutes, section 645.021, subdivision 2.

(e) Section 5 is effective on the day following compliance with Minnesota Statutes, section 69.773, subdivision 6, approval by the Eden Prairie city council, and compliance with Minnesota Statutes, section 645.021, subdivision 3.

(f) Section 6 is effective on the day following approval by the Carlton county board and compliance with Minnesota Statutes, section 645.021.

ARTICLE 11

CRYSTAL-NEW HOPE VOLUNTEER FIREFIGHTER

RELIEF ASSOCIATION CONSOLIDATION

Section 1. [CONSOLIDATED CRYSTAL-NEW HOPE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION; CREATION.]

Notwithstanding any provision of law to the contrary, if the cities of Crystal and New Hope enter into a joint powers agreement under Minnesota Statutes, section 471.59, to establish and operate a joint powers fire department, the Crystal volunteer firefighters relief association and the New Hope volunteer firefighters relief association shall consolidate into a single volunteer firefighters relief association. The consolidated volunteer firefighters relief association must be governed by sections 1 to 7 and the applicable provisions of Minnesota Statutes, chapters 69, 356, 356A, and 424A.

Sec. 2. [CONSOLIDATED VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.]

Subdivision 1. [ESTABLISHMENT.] The consolidated volunteer firefighters relief association for the joint powers fire department serving the cities of Crystal and New Hope must be incorporated under Minnesota Statutes, chapter 317A. The incorporators of the consolidated relief association must include at least one board member of the Crystal volunteer firefighters relief association and at least one board member of the former New Hope volunteer firefighters relief association. The consolidated relief association must be incorporated within 90 days of the establishment of the joint powers fire department. The joint powers fire department is established on the date specified in the joint powers agreement.

Subd. 2. [GOVERNANCE OF CONSOLIDATED VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.] (a) Notwithstanding Minnesota Statutes, section 424A.04, subdivision 1, the consolidated volunteer firefighters relief association is governed by a board of trustees consisting of nine members, as provided in the bylaws of the consolidated relief association, composed of:

(1) six firefighters in the joint fire department elected by the membership of the consolidated relief association; and

(2) three appointed members, including the fire chief of the joint fire department, one member appointed by the city council of the city of New Hope, and one member appointed by the city council of the city of Crystal.

(b) The board must have three officers, including a president, a secretary, and a treasurer. The membership of the consolidated volunteer firefighters relief association must elect the three officers from the nine board members. A board of trustees member may not hold more than one officer position at the same time.

(c) The board of trustees must administer the affairs of the relief association consistent with sections 1 to 7 and the applicable provisions of Minnesota Statutes, chapters 69, 356A, and 424A.

Subd. 3. [SPECIAL AND GENERAL FUNDS.] (a) The consolidated volunteer firefighters relief association must establish and maintain a special fund and may establish and maintain a general fund.

(b) The special fund must be established and maintained as provided in Minnesota Statutes, section 424A.05.

(c) The general fund must be established and maintained as provided in Minnesota Statutes, section 424A.06.

Sec. 3. [CONSOLIDATION OF FORMER RELIEF ASSOCIATIONS.]

Subdivision 1. [EFFECTIVE DATE OF CONSOLIDATION.] On the first business day occurring 30 days after the establishment of the consolidated volunteer firefighters relief association under section 2, which is the effective date of consolidation, the administration, records, assets, and liabilities of the prior Crystal volunteer firefighters relief association and of the prior New Hope volunteer firefighters relief association transfer to the consolidated volunteer firefighters relief association and the Crystal volunteer firefighters relief association and the New Hope volunteer firefighters relief association cease to exist as legal entities.

Subd. 2. [TRANSFER OF ADMINISTRATION.] On the effective date of consolidation, the administration of the prior relief associations is transferred to the board of trustees of the consolidated volunteer firefighters relief association.

Subd. 3. [TRANSFER OF RECORDS.] On the effective date of consolidation, the secretary and the treasurer of the Crystal volunteer firefighters relief association and the secretary and the treasurer of the New Hope volunteer firefighters relief association shall transfer all records and documents relating to the prior relief associations to the secretary and the treasurer of the consolidated volunteer firefighters relief association.

Subd. 4. [TRANSFER OF SPECIAL FUND ASSETS AND LIABILITIES.] (a) On the effective date of consolidation, the secretary and the treasurer of the Crystal volunteer firefighters relief association and the secretary and the treasurer of the New Hope volunteer firefighters relief association shall cause to occur the transfer of the assets of the special fund of the applicable relief association to the special fund of the consolidated relief association. Unless the applicable secretary and treasurer decide otherwise, the assets may be transferred as investment securities rather than as cash. The transfer must include any accounts receivable. The applicable secretary shall settle any accounts payable from the special fund of the relief association before the effective date of consolidation.

(b) Upon the transfer of the assets of the special fund of a prior relief association, the pension liabilities of that special fund become the obligation of the special fund of the consolidated volunteer firefighters relief association.

(c) Upon the transfer of the prior relief association special fund assets, the board of trustees of the consolidated volunteer firefighters relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the prior relief association.

(d) The consolidated volunteer firefighters relief association is the successor in interest for all claims for and against the special funds of the prior Crystal volunteer firefighters relief association and the prior New Hope volunteer firefighters relief association, or the cities of Crystal and New Hope with respect to the special funds of the prior relief associations. The status of successor in interest does not apply to any claim against a prior relief association, the city in which that relief association is located, or any person connected with the prior relief association or the city, based on any act or acts that were not done in good faith and that constituted a breach of fiduciary responsibility under common law or Minnesota Statutes, chapter 356A.

Subd. 5. [DISSOLUTION OF PRIOR GENERAL FUND BALANCES.] Before the effective date of consolidation, the secretary of the Crystal volunteer firefighters relief association and the secretary of the New Hope volunteer firefighters relief association shall settle any accounts payable from the respective general fund or any other relief association fund in addition to the

relief association special fund. Any investments held by a fund of the prior relief associations in addition to the special fund must be liquidated before the effective date of consolidation as the bylaws of the relief association provide. Before consolidation, the respective relief associations shall pay all applicable general fund expenses from their respective general funds and any balance remaining in the general fund or in a fund other than the relief association special fund as of the effective date of consolidation must be paid to the new general fund of the consolidated volunteer relief association.

Subd. 6. [TERMINATION OF PRIOR RELIEF ASSOCIATIONS.] Following the transfer of administration, records, special fund assets, and special fund liabilities from the prior relief associations to the consolidated volunteer firefighters relief association, the Crystal volunteer firefighters relief association and the New Hope volunteer firefighters relief association cease to exist as legal entities. The city manager of the city of Crystal and the city manager of the city of New Hope must notify the following government officials of the termination of the respective relief associations and of the establishment of the consolidated volunteer firefighters relief association:

(1) Minnesota secretary of state;

(2) Minnesota state auditor;

(3) Minnesota commissioner of revenue; and

(4) commissioner of the federal Internal Revenue Service.

Sec. 4. [EFFECT ON PREVIOUS BENEFIT PLAN COVERAGE.]

Subdivision 1. [BENEFIT COVERAGE FOR CURRENT RETIRED MEMBERS.] (a) A person who is receiving a monthly service pension, a monthly disability benefit, or a monthly survivorship benefit from the Crystal volunteer firefighters relief association or from the New Hope volunteer firefighters relief association on the effective date of consolidation is entitled to a continuation of that pension or benefit, including any death benefit or monthly survivorship benefit provided for in the benefit plan document of the applicable prior relief association in effect on the day before the effective date of the consolidation, from the consolidated volunteer firefighters relief association. Unless paragraph (b) applies, the amount of the pension or benefit payable after the effective date of consolidation must be identical to the amount payable before the effective date of consolidation. The pension or benefit payable after the effective date of consolidation is subject to the same terms, conditions, and qualifications as were in effect before the effective date of consolidation.

(b) If the board of trustees of the consolidated volunteer firefighters relief association establishes the option, a pension or benefit recipient to whom paragraph (a) applies is entitled to elect an alternative pension or benefit amount as offered by the relief association board. To provide this alternative pension or benefit, the relief association board may arrange for a lump-sum payment or the purchase of an annuity contract for the pension or benefit recipient in place of a direct payment from the relief association to the person. The annuity contract may be purchased only from an insurance company that is licensed to do business in this state, regularly undertakes life insurance and annuity business, and is rated by a recognized national rating agency or organization as being among the top 25 percent of all insurance companies undertaking life insurance and annuity business. The alternative pension or benefit payable monthly may be in an amount greater than the pension or benefit payable before the effective date of consolidation, but may not exceed the maximum service pension or benefit payable under Minnesota Statutes, chapter 424A. In electing the alternative pension or benefit payable under an annuity contract from a qualified insurance company, the affected person must waive in writing the person's eligibility and entitlement to any direct future pension or benefit payments from the consolidated volunteer firefighters relief association.

Subd. 2. [BENEFIT COVERAGE FOR CURRENT DEFERRED MEMBERS.] (a) A person who is not an active member of the Crystal volunteer firefighters relief association or an active member of the New Hope volunteer firefighters relief association but who has sufficient service credit with one of the relief associations to be entitled to a future service pension from the appropriate relief association remains entitled to the receipt of that service pension, upon

application, when the person attains at least the minimum age for receipt of a service pension unless the person elects an alternative service pension under paragraph (b). A deferred member may transfer the member's current service pension to a member's individual account established under subdivision 3, paragraph (c), subject to the same conditions of individual accounts for active members, and remain entitled to receipt of a service pension when the member reaches the normal retirement age.

(b) If the board of trustees of the consolidated volunteer firefighters relief association establishes the option for benefit recipients under subdivision 1, the deferred service pensioner described in paragraph (a) may elect the same alternative service pension as established under subdivision 1, paragraph (b), except that the deferred service pensioner may not receive the alternative service pension at an age younger than the normal retirement age in effect for the prior applicable relief association.

Subd. 3. [BENEFIT COVERAGE FOR NEW FIREFIGHTERS AND CURRENT VESTED AND NONVESTED ACTIVE MEMBERS.] (a) The benefit coverage for persons who become firefighters for the joint fire department for the first time after the effective date of consolidation and for persons who are active members of the consolidated volunteer firefighters relief association as of the effective date of consolidation is a defined contribution plan governed under this subdivision and Minnesota Statutes, section 424A.02, subdivision 4.

(b) For an active member of the consolidated volunteer firefighters relief association as of the effective date of consolidation, that member's prior service as a firefighter in the prior Crystal fire department or the prior New Hope fire department must be converted into a dollar accumulation by multiplying each full year of prior service as a firefighter in the prior fire department of Crystal or the prior fire department of New Hope by not less than $3,000. A member's prior service of a partial year will be converted into a dollar accumulation by prorating the full year of prior service yearly amount by the number of months served in the partial year. The total calculated dollar accumulation must be credited to the member's individual account established under paragraph (c).

(c) For each active member of the consolidated volunteer firefighters relief association covered by the defined contribution plan, an individual account must be established, as provided in Minnesota Statutes, section 424A.02, subdivision 4, with an initial balance based on the conversion accumulation determined under paragraph (b), if applicable. Notwithstanding Minnesota Statutes, section 424A.02, subdivision 4, the amount of fire state aid and the amount of regular municipal contributions must be credited to individual active firefighter accounts as specified in section 6, subdivision 4.

Sec. 5. [ACTUARIAL VALUATIONS REQUIRED.]

(a) Unless all benefit recipients and deferred service pensioners elect alternative pensions or benefits under section 4, subdivisions 1, paragraph (b); and 2, paragraph (b), a special actuarial valuation of the consolidated volunteer firefighters relief association must be prepared as soon as practicable following the benefit selection under section 4, subdivision 1. The actuarial valuation must be prepared under the applicable provisions of Minnesota Statutes, sections 356.215 and 356.216.

(b) Subsequent actuarial valuations must be prepared as required under Minnesota Statutes, section 69.773, subdivisions 2 and 3, if any person is entitled or is reasonably anticipated to be entitled to a direct future monthly benefit from the consolidated relief association.

Sec. 6. [ANNUAL RELIEF ASSOCIATION FUNDING.]

Subdivision 1. [SOURCES.] In addition to investment income earned by the special fund, the sources of the annual funding of the consolidated volunteer firefighters relief association are the fire state aid received by the city of Crystal, the fire state aid received by the city of New Hope, the regular municipal contribution from the city of Crystal, and the regular municipal contribution from the city of New Hope.

Subd. 2. [FIRE STATE AID.] The fire state aid received by the city of Crystal and the fire state aid received by the city of New Hope must be deposited in the special fund of the consolidated volunteer firefighters relief association, for allocation as provided in subdivision 4.

Subd. 3. [REGULAR MUNICIPAL CONTRIBUTION.] (a) Annually, as part of the municipal budget setting process, the city council of the city of Crystal and the city council of the city of New Hope must jointly establish the amount of the regular municipal contribution by each city to the consolidated volunteer firefighters relief association.

(b) The regular municipal contribution in total must be at least equal to (1) the amount of the fire state aid received by the city of Crystal and the fire state aid received by the city of New Hope, plus (2) whatever additional amount is needed to equal the sum determined by multiplying $1,811 by the total of the number of active firefighters who are members of the consolidated volunteer firefighters relief association.

(c) The established amount for each city must be included in the budget of the respective city, and, if not payable from a municipal revenue source other than the city's property tax levy or fire state aid, must be included in the property tax levy of the respective city. The regular municipal contribution must be allocated in the manner specified in subdivision 4.

(d) If a direct service pension or entitlement is payable under section 4, subdivision 1, paragraph (a); or subdivision 2, paragraph (a), to a retiree or deferred retiree, the applicable city remains responsible for any amount of service pension that is payable beyond the relief association assets allocated for the retiree or deferred retiree. Following any actuarial valuation of the consolidated relief association, if there is a net mortality loss attributable to the applicable city, the city shall make a contribution in addition to the regular municipal contribution under paragraphs (a) to (c) equal to the amount of that net mortality loss. The municipal contribution under this paragraph is payable on or before the last business day of the month next following the completion of the actuarial valuation.

Subd. 4. [ALLOCATION OF FUNDING AMOUNTS.] (a) The annual fire state aid and the regular municipal contribution, after deduction for payment of administrative expenses as specified in subdivision 5, must be allocated to individual active firefighter accounts based on the level of firefighting services rendered by the individual active firefighter as stated in the bylaws of the consolidated volunteer firefighters relief association.

(b) Investment income earned by the special fund of the consolidated relief association must be allocated to each individual account based on the proportion of the total assets of the special fund represented by the account.

Subd. 5. [PAYMENT OF RELIEF ASSOCIATION ADMINISTRATIVE EXPENSES.] (a) The payment of authorized administrative expenses of the consolidated volunteer firefighters relief association shall be from the special fund of the relief association according to Minnesota Statutes, section 69.80, and as provided for in the bylaws of the consolidated relief association and approved by the board of trustees of the consolidated relief association. The allocation of these administrative expenses to the individual member accounts must occur as provided in the bylaws of the consolidated relief association.

(b) The payment of any other expenses of the consolidated relief association shall be from the general fund of the consolidated relief association according to Minnesota Statutes, section 69.80, and as provided for in the bylaws of the consolidated relief association and approved by the board of trustees of the consolidated relief association.

Sec. 7. [VALIDATION OF CURRENT BENEFIT PLANS AND PRIOR ACTIONS.]

Notwithstanding any provisions of Laws 1969, chapter 1088, as amended by Laws 1978, chapters 562, section 32, and 753; Laws 1979, chapter 201, section 44; or Laws 1981, chapter 224, section 250; or Laws 1971, chapter 114, as amended by Laws 1979, chapters 97, and 201, sections 27 and 44; and Laws 1981, chapter 224, section 254, the benefit plans of the Crystal volunteer firefighters relief association and of the New Hope volunteer firefighters relief association as reflected in each relief association's articles of incorporation and bylaws as of December 15, 1993, are hereby ratified and validated. Any acts previously taken by the Crystal volunteer firefighters relief association and by the New Hope volunteer firefighters relief association with those ratified articles of incorporation and bylaws are also ratified and validated.

Sec. 8. [REPEALER OF PRIOR SPECIAL LAWS.]

Laws 1969, chapter 1088; Laws 1971, chapter 114; Laws 1978, chapters 562, section 32, and 753; Laws 1979, chapters 97, and 201, section 27; and Laws 1981, chapter 224, sections 250 and 254, are repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 7 are effective on the day following final approval by the city council of the city of Crystal and by the city council of the city of New Hope and compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 8 is effective on the effective date of consolidation of the Crystal volunteer firefighters relief association and the New Hope volunteer firefighters relief association."

Delete the title and insert:

"A bill for an act relating to retirement; providing various benefit increases and related modifications; requiring collateralization and investment authority statement; amending Minnesota Statutes 1994, sections 3A.02, subdivision 5; 352.01, subdivision 13; 352B.02, subdivision 1a; 352B.08, subdivision 2; 352B.10, subdivision 1; 353.65, subdivision 7; 353.651, subdivision 4; 353A.083; 354.445; 354.66, subdivision 4; 354A.094, subdivision 4; 354A.12, subdivision 1; 354A.27, subdivision 1, and by adding subdivisions; 354A.31, subdivision 4, and by adding subdivisions; 354B.05, subdivisions 2 and 3; 354B.07, subdivisions 1 and 2; 354B.08, subdivision 2; 356.219, subdivision 2; 356.30, subdivision 1; 356.611; 356.865, subdivision 3; 356A.06, by adding subdivisions; 422A.05, by adding a subdivision; and 422A.09, subdivision 2; Laws 1994, chapter 499, section 2; proposing coding for new law in Minnesota Statutes, chapters 125; 354A; and 356; proposing coding for new law as Minnesota Statutes, chapter 136F; repealing Minnesota Statutes 1994, sections 3A.10, subdivision 2; 352.021, subdivision 5; 354A.27, subdivisions 2, 3, and 4; and 423B.02; Laws 1969, chapter 1088; Laws 1971, chapters 114 and 127, section 1, as amended; Laws 1978, chapters 562, section 32, and 753; Laws 1979, chapters 97 and 201, section 27; and Laws 1981, chapter 224, sections 250 and 254."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Bob Johnson, Jeff Bertram, Phyllis Kahn, Richard H. Jefferson, Dennis Ozment

Senate Conferees: (Signed) Steven Morse, Phil J. Riveness, Lawrence J. Pogemiller, Roy W. Terwilliger, Dan Stevens

Mr. Morse moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1040 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1040 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Mondale	Riveness
Beckman	Frederickson	Krentz	Morse	Robertson
Belanger	Hanson	Kroening	Murphy	Runbeck
Berg	Hottinger	Laidig	Neuville	Sams
Berglin	Janezich	Langseth	Novak	Samuelson
Bertram	Johnson, D.E.	Larson	Oliver	Scheevel
Betzold	Johnson, D.J.	Lesewski	Olson	Solon
Chandler	Johnson, J.B.	Lessard	Ourada	Spear
Chmielewski	Johnston	Limmer	Pappas	Stevens
Cohen	Kelly	Marty	Pariseau	Stumpf
Day	Kiscaden	Merriam	Pogemiller	Terwilliger
Dille	Kleis	Metzen	Price	Vickerman
Finn	Knutson	Moe, R.D.	Ranum	Wiener

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Messrs. Neuville, Scheevel and Johnson, D.E. introduced--

S.F. No. 1770: A bill for an act relating to gambling; prohibiting persons under the age of 21 from engaging in various gambling activities; amending Minnesota Statutes 1994, sections 240.13, subdivision 8; 240.25, subdivision 8; 349.2127, subdivision 8; 349A.08, subdivision 3; and 349A.12, subdivisions 1, 2, and 5;

Referred to the Committee on Gaming Regulation.

Ms. Flynn, Messrs. Knutson; Johnson, D.J. and Limmer introduced--

S.F. No. 1771: A bill for an act relating to community property; enacting the uniform disposition of community property rights at death act; proposing coding for new law as Minnesota Statutes, chapter 526A.

Referred to the Committee on Judiciary.

Mr. Solon, Ms. Flynn and Mr. Laidig introduced--

S.F. No. 1772: A bill for an act relating to children; adopting the uniform status of children of assisted conception act; proposing coding for new law as Minnesota Statutes, chapter 258A.

Referred to the Committee on Judiciary.

Messrs. Metzen, Lessard and Novak introduced--

S.F. No. 1773: A bill for an act relating to health; clarifying certain employee drug and alcohol testing requirements; amending Minnesota Statutes 1994, sections 181.950, subdivisions 2, 5, 8, and 10; and 181.953, subdivision 1.

Referred to the Committee on Jobs, Energy and Community Development.

Mr. Kelly, Ms. Pappas, Messrs. Betzold, Langseth and Limmer introduced--

S.F. No. 1774: A bill for an act relating to elections; providing for nonbinding ballot questions; amending Minnesota Statutes 1994, section 204D.15, by adding a subdivision.

Referred to the Committee on Ethics and Campaign Reform.

Messrs. Merriam and Lessard introduced--

S.F. No. 1775: A bill for an act relating to game and fish; requiring a turkey stamp, setting the fee, and directing use of proceeds; amending Minnesota Statutes 1994, sections 97A.075, subdivision 4; 97A.475, subdivision 5; and 97B.721.

Referred to the Committee on Environment and Natural Resources.

Messrs. Hottinger, Chmielewski, Mses. Piper and Ranum introduced--

S.F. No. 1776: A bill for an act relating to commerce; regulating the net earnings of corporations; prohibiting private inurement; proposing coding for new law in Minnesota Statutes, chapter 317A.

Referred to the Committee on Commerce and Consumer Protection.

Mr. Price introduced--

S.F. No. 1777: A bill for an act relating to real estate; regulating compensation paid by licensees to tenants for referrals; amending Minnesota Statutes 1994, section 82.19, subdivision 3.

Referred to the Committee on Commerce and Consumer Protection.

Mr. Stevens introduced--

S.F. No. 1778: A bill for an act relating to the environment; repealing the toxics in products law; repealing Minnesota Statutes 1994, section 115A.9651.

Referred to the Committee on Environment and Natural Resources.

Mr. Hottinger introduced--

S.F. No. 1779: A bill for an act relating to commerce; regulating enrollment in certain health plans; determining relevant geographic markets for health care providers for purposes of restraint of trade regulation; amending Minnesota Statutes 1994, section 325D.53, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62J.

Referred to the Committee on Commerce and Consumer Protection.

Messrs. Kleis, Scheevel and Kramer introduced--

S.F. No. 1780: A bill for an act proposing an amendment to the Minnesota Constitution to provide for a unicameral legislature; changing article IV; article V, sections 3 and 5; article VIII, section 1; article IX, sections 1 and 2; and article XI, section 5; providing by law for a unicameral legislature of 135 members; amending Minnesota Statutes 1994, sections 2.021; and 2.031, subdivision 1.

Referred to the Committee on Ethics and Campaign Reform.

Ms. Johnson, J.B. introduced--

S.F. No. 1781: A bill for an act relating to civil actions; making evidence relating to seatbelts admissible in litigation; amending Minnesota Statutes 1994, section 169.685, subdivision 4.

Referred to the Committee on Judiciary.

Ms. Runbeck, Mr. Oliver, Mrs. Pariseau and Mr. Day introduced--

S.F. No. 1782: A bill for an act relating to the financing of government in this state; changing property tax classifications and class rates; changing the property tax refund to an income-adjusted homestead credit; changing targeting; restructuring various state aids; changing the local government aid formula; providing for payment of property taxes in three installments; allowing cities to impose certain service charges on certain tax-exempt property; appropriating money; amending Minnesota Statutes 1994, sections 124.226, subdivision 1; 124A.23, subdivision 1; 256E.06, subdivision 13; 273.1316, subdivisions 1, 6, and 7; 273.1392; 275.065, subdivision 3; 275.07, subdivision 1; 275.08, subdivision 1b; 276.04, subdivision 3; 276.09; 276.10; 276.11, subdivision 1; 276.111; 278.03, subdivision 1; 278.05, subdivision 5; 279.01, by adding

subdivisions; 289A.18, subdivision 5; 289A.56, subdivision 6; 290A.01; 290A.03, subdivisions 6 and 13; 290A.04, subdivisions 2 and 2h; 290A.07; 290A.23; 477A.011, subdivision 1a, and by adding subdivisions; 477A.013, subdivision 1, and by adding a subdivision; 477A.014, subdivisions 1 and 3; and 477A.03, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 273; 429; and 477A; repealing Minnesota Statutes 1994, sections 273.124; 273.13; 273.1398; 275.08, subdivisions 1c and 1d; 279.01, subdivisions 1 and 3; 290A.04, subdivisions 2b and 2i; 290A.23, subdivision 2; 477A.011, subdivisions 19, 28, and 29; 477A.012; 477A.013, subdivisions 6, 8, and 9; 477A.014, subdivision 1a; and 477A.03, subdivision 3.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Spear, Belanger and Ms. Reichgott Junge introduced--

S.F. No. 1783: A bill for an act proposing an amendment to the Minnesota Constitution, article V, section 5; changing the method of filling a vacancy in the office of lieutenant governor.

Referred to the Committee on Governmental Operations and Veterans.

Ms. Pappas, Messrs. Marty, Finn, Hottinger and Ms. Anderson introduced--

S.F. No. 1784: A bill for an act relating to health; changing the membership of regional coordinating boards; establishing the Minnesota health coverage board; creating the Minnesota health coverage program; establishing the Minnesota health care trust fund; establishing statewide and regional health care budgets; abolishing the Minnesota health care commission; appropriating money; amending Minnesota Statutes 1994, section 62J.09, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 62J; proposing coding for new law as Minnesota Statutes, chapter 62K; repealing Minnesota Statutes 1994, sections 62J.05; 62J.09, subdivisions 2 and 8; 62J.19; 62J.212; and 62J.65.

Referred to the Committee on Health Care.

Mr. Dille introduced--

S.F. No. 1785: A bill for an act relating to marriage; increasing the marriage license fee and allowing the fee to be waived in certain circumstances; providing health care coverage for marriage and family counseling; making it unlawful for an unmarried woman to be artificially inseminated; allowing a judge to order counseling if one of the parties contests the separation or dissolution of the marriage; amending Minnesota Statutes 1994, sections 62A.152, subdivision 2; 62D.102; 256.9353, subdivision 1; 256B.0625, by adding a subdivision; 257.56, by adding a subdivision; 357.021, subdivisions 2 and 2a; 517.08, subdivisions 1b and 1c; proposing coding for new law in Minnesota Statutes, chapter 518.

Referred to the Committee on Judiciary.

Ms. Johnson, J.B. introduced--

S.F. No. 1786: A bill for an act relating to wind energy; establishing rate policies for certain small producers; amending Minnesota Statutes 1994, section 216B.164, subdivisions 2, 3, 4, 6, 8, and by adding subdivisions.

Referred to the Committee on Jobs, Energy and Community Development.

Mses. Berglin, Kiscaden and Mr. Johnson, D.J. introduced--

S.F. No. 1787: A bill for an act relating to taxation; reducing the rate of the tax on hospitals and health care providers; amending Minnesota Statutes 1994, section 295.52, subdivisions 1, 1a, 1b, 2, 3, and 4.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Kramer, Neuville and Ms. Kiscaden introduced--

S.F. No. 1788: A bill for an act relating to the lottery; requiring certain information to be included in lottery publications, prize announcement signs, electronic messages, and on-line lottery tickets; amending Minnesota Statutes 1994, section 349A.09, subdivision 1.

Referred to the Committee on Gaming Regulation.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Solon moved that his name be stricken as chief author, shown as a co-author, and the name of Mr. Betzold be added as chief author to S.F. No. 1772. The motion prevailed.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 1705 and that the rules of the Senate be so far suspended as to give S.F. No. 1705, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 1705: A bill for an act relating to legislative enactments; correcting miscellaneous noncontroversial oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 1994, section 323.02, subdivision 9, as amended.

Ms. Flynn moved to amend S.F. No. 1705 as follows:

Page 1, after line 15, insert:

"Sec. 2. [CORRECTION 13.] 1995 H.F. No. 1856, article 2, section 22, if enacted, is amended to read:

Sec. 22. [REPEALER.]

Minnesota Statutes 1994, sections 136A.16, subdivision 11; 137.31, subdivision 6; 137.35, subdivision 4; and 137.38, subdivision 5, are repealed.

Sec. 3. [CORRECTION 13.] 1995 H.F. No. 1856, article 4, section 4, subdivision 5, if enacted, is amended to read:

Subd. 5. [BOARD ACTION.] In accordance with the principles in this section ~~136F.011~~, the board shall review the proposed structure of the system office with the objective of further reducing or eliminating those functions that are unnecessary. Savings that occur shall be redirected to support instruction on the campuses.

Sec. 4. [CORRECTION 17.] Laws 1995, chapter 68, section 14, is amended to read:

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 8 and 13 are effective the day following final enactment.

Sections 9 to 12 are effective July 1, 1995."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Flynn then moved to amend S.F. No. 1705 as follows:

Page 1, after line 15, insert:

"Sec. 2. [CORRECTION 14.]

Sec. 2. [LIMITATION OF INFRASTRUCTURE REINVESTMENT.]

None of the $750,000 made available by S.F. 1110, article 1, section 2, subdivision 7, from the public facilities authority under Minnesota Statutes, section 446A.071, for grant funds to a local unit of government for the development of infrastructure and planning for redevelopment, in response to the memorandum of understanding for the regional treatment centers, may be used to purchase land on which prison buildings will be placed or to pay for utilities to the prison site and hazardous waste issues or other subgrade condition costs."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1705 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 58 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Kleis	Moe, R.D.	Runbeck
Beckman	Flynn	Knutson	Mondale	Sams
Belanger	Frederickson	Kramer	Morse	Samuelson
Berg	Hanson	Kroening	Murphy	Scheevel
Berglin	Hottinger	Laidig	Novak	Solon
Bertram	Janezich	Langseth	Oliver	Spear
Betzold	Johnson, D.E.	Larson	Olson	Stevens
Chandler	Johnson, D.J.	Lesewski	Ourada	Stumpf
Chmielewski	Johnson, J.B.	Limmer	Pappas	Terwilliger
Cohen	Johnston	Marty	Pariseau	Wiener
Day	Kelly	Merriam	Piper	
Dille	Kiscaden	Metzen	Robertson	

Mr. Riveness voted in the negative.

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1864, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1864 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 22, 1995

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1864

A bill for an act relating to the financing of government in this state; adopting federal income tax law changes; providing for deferment of certain property taxes for senior citizens; providing for an income tax credit; modifying certain tax rates, credits, refunds, bases, and exemptions; providing for deduction of property tax refunds from property taxes; modifying and restricting certain requirements or uses of tax increment financing; providing for dedication of certain revenues; modifying certain motor vehicle registration taxes; establishing a sales tax advisory council; authorizing certain local taxes, special districts and other local authority; creating a local government review panel; modifying revenue recapture rules; changing the property tax treatment of certain wind property; allowing pass through of certain utility taxes; requiring studies; adjusting the amount of the budget reserve and debt limit; changing certain aids to local governments; appropriating money; amending Minnesota Statutes 1994, sections 14.61; 14.62, by adding a subdivision; 16A.152, subdivisions 1 and 2; 60A.15, subdivision 1; 69.021, subdivision 2; 124.918, subdivisions 1 and 2; 168.012, subdivision 9; 168.013, subdivision 1a; 168.017, subdivision 3, and by adding a subdivision; 216B.16, by adding a subdivision; 216C.01, subdivisions 1a and 1b; 270.273, subdivisions 1 and 2; 270A.03, subdivision 7; 270A.04, subdivision 2; 270A.06; 270A.07, subdivision 2; 270A.09, by adding a subdivision; 270A.11; 270B.12, by adding a subdivision; 272.02, subdivision 1; 273.124, subdivision 13; 273.13, subdivisions 24 and 25; 273.1398, subdivision 1; 273.1399, subdivisions 1, 2, 6, and by adding a subdivision; 273.37, by adding a subdivision; 275.065, subdivisions 1 and 3; 276.09; 276.111; 279.01, subdivision 1, and by adding subdivisions; 289A.50, by adding a subdivision; 289A.60, subdivision 12; 290.01, subdivisions 19, 19a, and by adding a subdivision; 290.06, by adding a subdivision; 290A.02; 290A.03, subdivisions 6, 13, and by adding a subdivision; 290A.04, subdivisions 2h, 3, and by adding subdivisions; 290A.07; 290A.09; 290A.10; 290A.15; 290A.18; 290A.23, subdivision 3; 296.01, subdivisions 30, 34, and by adding subdivisions; 296.02, subdivisions 1, 1a, and 1b; 296.025, subdivisions 1, 1a, and by adding a subdivision; 296.0261, by adding a subdivision; 297A.01, subdivision 3, and by adding a subdivision; 297A.02, subdivision 4; 297A.135, subdivision 1; 297A.25, subdivisions 11, 57, 59, and by adding subdivisions; 297A.45; 297B.02, subdivision 3; 297B.025, subdivision 2; 297B.032; 298.28, subdivision 9a; 298.75, subdivision 1; 349.12, subdivision 25; 375.192, by adding a subdivision; 375.83; 469.174, subdivisions 4, 12, 19, 21, and by adding subdivisions; 469.175, subdivisions 1, 3, 5, 6, and 6a; 469.176, subdivisions 4b, 4c, and 7; 469.1763, subdivisions 2 and 4; 469.177, subdivisions 1, 1a, 2, 6, 9, and by adding a subdivision; 469.1771, subdivision 1; 469.179, by adding subdivisions; 477A.013, subdivision 9; and 477A.0132; Laws 1985, chapter 302, section 2, subdivision 1, as amended; Laws 1986, chapter 400, section 44; Laws 1991, chapter 291, article 8, section 28, subdivision 1; Laws 1993, chapter 375, article 5, section 40, subdivision 3; Laws 1994, chapter 587, articles 5, section 27; 9, section 10, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 3; 8; 13; 16A; 272; 273; 276; 282; 290A; 297; 469; 473; and 477A; repealing Minnesota Statutes 1994, sections 168.013, subdivision 1j; 296.0261, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, and 9; 297A.136; and 469.175, subdivision 7a.

May 22, 1995

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1864, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1864 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INCOME AND FRANCHISE TAXES

Section 1. Minnesota Statutes 1994, section 289A.50, is amended by adding a subdivision to read:

Subd. 10. [LIMITATION ON REFUND.] If an addition to federal taxable income under section 290.01, subdivision 19a, clause (1), is judicially determined to discriminate against interstate commerce, the legislature intends that the discrimination be remedied by adding interest on obligations of Minnesota governmental units and Indian tribes to federal taxable income. This subdivision applies beginning with the taxable years that begin during the calendar year in which the court's decision is final. Other remedies apply for previous taxable years.

Sec. 2. Minnesota Statutes 1994, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(h) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial

Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, and the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 13224 and 13261 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The provisions of section 13431 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they became effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, and the provisions of sections 13101, 13114, 13122, 13141, 13150, 13151, 13174, 13239, 13301, and 13442 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992.

The provisions of sections 13116, 13121, 13206, 13210, 13222, 13223, 13231, 13232, 13233, 13239, 13262, and 13321 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1993, shall be in effect for taxable years beginning after December 31, 1993.

The provision of section 741 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465, and the provisions of sections 1, 2, and 3, of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-7, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1994, shall be in effect for taxable years beginning after December 31, 1994.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 3. [FEDERAL CHANGES.]

The changes made by sections 721, 722, 723, and 744 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465 and section 4 of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-7, which affect the computation of the Minnesota working family credit under Minnesota Statutes, section 290.0671, subdivision 1, and the computation of the substantial understatement of liability penalty of Minnesota Statutes, section 289A.60, subdivision 4, shall become effective at the same time the changes become effective for federal purposes.

Sec. 4. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through April 15, 1995," for the words "Internal

Revenue Code of 1986, as amended through December 31, 1993," wherever the phrase occurs in chapters 289A, 290, 290A, 291, 297, 298, and 469, except section 290.01, subdivision 19.

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 2

SALES AND EXCISE TAX

Section 1. Minnesota Statutes 1994, section 15.039, is amended by adding a subdivision to read:

Subd. 8. [TRANSFER OF PROPERTY; SALES TAX.] All transfers of motor vehicles or other tangible personal property between agencies or political subdivisions under this section are exempt from the motor vehicle sales tax under chapter 297B and the general sales tax under chapter 297A.

Sec. 2. Minnesota Statutes 1994, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. [PASSENGER AUTOMOBILES; HEARSES.] (a) On passenger automobiles as defined in section 168.011, subdivision 7, and hearses, except as otherwise provided, the tax shall be $10 plus an additional tax equal to 1.25 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge ~~as reflected on the price listing affixed to the vehicle in conformity with United States Code, title 15, sections 1231 to 1233 (Public Law Number 85-506) or otherwise suggested~~ using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

~~(d)~~ (e) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
$ 0	$199.99
200	399.99

and thereafter a series of classes successively set in brackets having a spread of $200 consisting of such number of classes as will permit classification of all vehicles.

~~(e)~~ (f) The base value for purposes of this section shall be the middle point between the extremes of its class.

~~(f)~~ (g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph ~~(g)~~ (h).

~~(g)~~ (h) Except as provided in paragraph ~~(h)~~ (i), the annual additional tax computed upon the base value as provided herein, during the first and second years of vehicle life shall be computed upon 100 percent of the base value; for the third and fourth years, 90 percent of such value; for the

fifth and sixth years, 75 percent of such value; for the seventh year, 60 percent of such value; for the eighth year, 40 percent of such value; for the ninth year, 30 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of $25.

In no event shall the annual additional tax be less than $25.

~~(h)~~ (i) The annual additional tax under paragraph ~~(g)~~ (h) on a motor vehicle on which the first annual tax was paid before January 1, 1990, must not exceed the tax that was paid on that vehicle the year before.

Sec. 3. Minnesota Statutes 1994, section 168.017, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] All vehicles subject to registration under the monthly series system shall be registered by the registrar for a period of 12 consecutive calendar months, except as follows:

(a) if the application is an original rather than renewal application; or,

(b) if the applicant is a licensed motor vehicle lessor under section 168.27, in which case the applicant may apply for original registration of a ~~group of ten or more vehicles~~ vehicle for a period of four or more months, the month of expiration to be designated by the applicant at the time of registration. However, to qualify for this exemption, the applicant must present the application to the registrar at St. Paul, or at deputy registrar offices as the registrar may designate.

In any instance except that of a licensed motor vehicle lessor, the registrar may register the vehicle which is the subject of the application for a period of not less than three nor more than 15 calendar months, when the registrar determines that to do so will help to equalize the registration and renewal work load of the department.

Sec. 4. Minnesota Statutes 1994, section 168.017, is amended by adding a subdivision to read:

Subd. 5. (a) Notwithstanding subdivisions 3 and 4, a person leasing for at least one year a vehicle registered under this section may obtain an extension of the motor vehicle's registration period for the unexpired portion of the lease period, for a period not to exceed 11 months beyond the expiration of the registration period.

(b) In order to obtain an extension under this subdivision a lessee must

(1) apply to the registrar on a form the registrar prescribes,

(2) submit to the registrar a copy of the lease,

(3) pay an administrative fee of $5, and

(4) pay a tax of one-twelfth of the tax for the registration period being extended for each month of the extension.

(c) On an applicant's compliance with paragraph (b) the registrar shall issue the applicant a license plate tab or sticker designating the new month of expiration of the registration. The extended registration expires on the tenth day of the month following the month designated on the tab or sticker.

(d) All fees collected under paragraph (b), clause (3), must be deposited in the highway user tax distribution fund.

Sec. 5. Minnesota Statutes 1994, section 216C.01, subdivision 1a, is amended to read:

Subd. 1a. [ALTERNATIVE FUEL.] "Alternative fuel" means natural gas; liquefied petroleum gas; hydrogen; coal-derived liquefied fuels; electricity; methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more, or other percentage as may be set by regulation by the Secretary of the United States Department of Energy, by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; fuels other than alcohol that are derived from biological materials; and other fuel that the Secretary of the United States Department of Energy determines by regulation to be an alternative fuel within the meaning of section 301(2) of the National Energy Policy Act of 1992 and intended for use in motor vehicles.

Sec. 6. Minnesota Statutes 1994, section 216C.01, subdivision 1b, is amended to read:

Subd. 1b. [ALTERNATIVE FUEL VEHICLE.] "Alternative fuel vehicle" means a dedicated, flexible, or a dual-fuel vehicle operated primarily on an alternative fuel.

Sec. 7. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 5. [ALTERNATIVE FUEL VEHICLE.] "Alternative fuel vehicle" means a dedicated, flexible, or dual-fuel vehicle operated primarily on alternative transportation fuel.

Sec. 8. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 11a. [COMPRESSED NATURAL GAS.] "Compressed natural gas" or CNG means natural gas, primarily methane, condensed under high pressure and stored in specially designed storage tanks at between 2,000 and 3,600 pounds per square inch. For purposes of this chapter, the energy content of CNG will be considered to be 1,000 BTUs per cubic foot.

Sec. 9. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 15c. [E85.] "E85" means a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline that typically contains 85 percent ethanol by volume, but at a minimum must contain at least 60 percent ethanol by volume. For the purposes of this chapter, the energy content of E85 will be considered to be 82,000 BTUs per gallon.

Sec. 10. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 23a. [LIQUEFIED NATURAL GAS.] "Liquefied natural gas" or LNG means natural gas, primarily methane, which has been condensed through a cryogenic cooling process and is stored in special pressurized and insulated storage tanks. For purposes of this chapter, the energy content of LNG will be considered to be 69,000 BTUs per gallon.

Sec. 11. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 23b. [LIQUEFIED PETROLEUM GAS.] "Liquefied petroleum gas" or LPG or propane means a product made of short hydrocarbon chains and containing primarily propane and butane that is stored in specialized tanks at moderate pressure. For purposes of this chapter, the energy content of LPG or propane will be considered to be 86,000 BTUs per gallon.

Sec. 12. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 24b. [M85.] "M85" means a petroleum product that is a liquid fuel blend of methanol and gasoline that contains at least 85 percent methanol by volume. For the purposes of this chapter, the energy content of M85 will be considered to be 65,000 BTUs per gallon.

Sec. 13. Minnesota Statutes 1994, section 296.01, subdivision 30, is amended to read:

Subd. 30. [PETROLEUM PRODUCTS.] "Petroleum products" means all of the products defined in subdivisions 2, 7, 8, 10, 13, 14, 15c, ~~and~~ 17 to 22, and 24b.

Sec. 14. Minnesota Statutes 1994, section 296.01, subdivision 34, is amended to read:

Subd. 34. [SPECIAL FUEL.] "Special fuel" means (1) all combustible gases and liquid petroleum products or substitutes therefor including clear diesel fuel, except gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline which are delivered into the supply tank of a licensed motor vehicle or into storage tanks maintained by an owner or operator of a licensed motor vehicle as a source of supply for such vehicle; (2) all combustible gases and liquid petroleum products or substitutes therefor, except gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline, when delivered to a licensed special fuel dealer or to the retail service station storage of a distributor who has elected to pay the special fuel excise tax as provided in section 296.12, subdivision 3; (3) all combustible gases and liquid petroleum products or substitutes therefor, except gasoline, which are used as aviation fuel; or (4) dyed fuel that is being used illegally in a licensed motor vehicle.

Sec. 15. Minnesota Statutes 1994, section 296.02, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED; EXCEPTION FOR QUALIFIED SERVICE STATION.] There is imposed an excise tax on gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline, used in producing and generating power for propelling motor vehicles used on the public highways of this state. For purposes of this section, gasoline is defined in section 296.01, subdivisions 10, 15b, 18, 19, 20, and 24a. This tax is payable at the times, in the manner, and by persons specified in this chapter. The tax is payable at the rate specified in subdivision 1b, subject to the exceptions and reductions specified in this section.

(a) Notwithstanding any other provision of law to the contrary, the tax imposed on special fuel sold by a qualified service station may not exceed, or the tax on gasoline delivered to a qualified service station must be reduced to, a rate not more than three cents per gallon above the state tax rate imposed on such products sold by a service station in a contiguous state located within the distance indicated in clause (b).

(b) A "qualifying service station" means a service station located within 7.5 miles, measured by the shortest route by public road, from a service station selling like product in the contiguous state.

(c) A qualified service station shall be allowed a credit by the supplier or distributor, or both, for the amount of reduction computed in accordance with clause (a).

A qualified service station, before receiving the credit, shall be registered with the commissioner of revenue.

Sec. 16. Minnesota Statutes 1994, section 296.02, subdivision 1a, is amended to read:

Subd. 1a. [TRANSIT SYSTEMS AND ALTERNATIVE FUELS EXEMPT.] The provisions of subdivision 1 do not apply to ~~(1)~~ gasoline purchased by a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384 ~~or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit~~.

Sec. 17. Minnesota Statutes 1994, section 296.02, subdivision 1b, is amended to read:

Subd. 1b. [RATES IMPOSED.] The gasoline excise tax is imposed at the following ~~rate~~ rates:

(1) E85 is taxed at the rate of 14.2 cents per gallon;

(2) M85 is taxed at the rate of 11.4 cents per gallon; and

(3) ~~For the period on and after May 1, 1988,~~ all other gasoline is taxed at the rate of 20 cents per gallon.

Sec. 18. Minnesota Statutes 1994, section 296.025, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] There is hereby imposed an excise tax ~~of the same rate per gallon as the gasoline excise tax~~ on all special fuel at the rates specified in subdivision 1b. For clear diesel fuel, the tax is imposed on the first distributor who received the product in Minnesota. For dyed fuel being used illegally in a licensed motor vehicle, the tax is imposed on the owner or operator of the motor vehicle, or in some instances, on the dealer who supplied the fuel. For dyed fuel used in a motor vehicle but subject to a federal exemption, although no federal tax may be imposed, the fuel is subject to the state tax. For other fuels, including jet fuel, propane, and compressed natural gas, the tax is imposed on the distributor, special fuel dealer, or bulk purchaser. This tax is payable at the time and in the manner specified in this chapter. For purposes of this section, "owner or operator" means the operation of licensed motor vehicles, whether loaded or empty, whether for compensation or not for compensation, and whether owned by or leased to the motor carrier who operates them or causes them to be operated.

Sec. 19. Minnesota Statutes 1994, section 296.025, subdivision 1a, is amended to read:

Subd. 1a. [TRANSIT SYSTEMS AND ALTERNATIVE FUELS EXEMPT.] The provisions of subdivision 1 do not apply to ~~(1)~~ special fuel purchased by a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384 ~~or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit~~.

Sec. 20. Minnesota Statutes 1994, section 296.025, is amended by adding a subdivision to read:

Subd. 1b. [TAX RATES.] The special fuel excise tax is imposed at the following rates:

(1) Liquefied petroleum gas or propane is taxed at the rate of 15 cents per gallon.

(2) Liquefied natural gas is taxed at the rate of 12 cents per gallon.

(3) Compressed natural gas is taxed at the rate of $1.739 per thousand cubic feet; or 20 cents per gasoline equivalent, as defined by the National Conference on Weights and Measures, which is 5.66 pounds of natural gas.

(4) All other special fuel is taxed at the same rate as the gasoline excise tax.

Sec. 21. Minnesota Statutes 1994, section 296.0261, is amended by adding a subdivision to read:

Subd. 10. [CREDIT; REFUNDS.] (a) A purchaser of an alternative fuel vehicle permit under subdivisions 1 to 9, prior to July 1, 1995, shall receive a credit for the unused portion of the permit fee. The amount of the credit shall be equal to the original permit fee and prorated to the number of months from July 1, 1995, until the expiration date of the permit. The credit shall reduce the amount of the vehicle's annual motor vehicle registration tax as calculated under section 168.013. The credit shall be applied to the first motor vehicle registration tax payable after July 1, 1995.

(b) If the amount of the credit calculated under paragraph (a) exceeds the amount of motor vehicle registration tax due, the registrar shall pay to the vehicle owner a cash refund equal to the difference between the motor vehicle registration tax and the credit due. The amount necessary to pay the refunds under this paragraph is appropriated for fiscal year 1996 to the commissioner of public safety from the highway user tax distribution fund. The appropriation is available until the refunds have been paid.

Sec. 22. Minnesota Statutes 1994, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous period of 30 days or more, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing;

(c) The furnishing, preparing, or serving for a consideration of food, meals, or drinks. "Sale" does not include:

(1) meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities;

(2) meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served; or

(3) meals and lunches served at public and private schools, universities, or colleges. Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

(i) heated food or drinks;

(ii) sandwiches prepared by the retailer;

(iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;

(iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;

(v) soft drinks and other beverages prepared or served by the retailer;

(vi) gum;

(vii) ice;

(viii) all food sold in vending machines;

(ix) party trays prepared by the retailers; and

(x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;

(d) The granting of the privilege of admission to places of amusement, recreational areas, or athletic events, except a world championship football game sponsored by the national football league, and the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam baths, turkish baths, health clubs, and spas or athletic facilities;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state. Telephone service includes paging services and private communication service, as defined in United States Code, title 26, section 4252(d), except for private communication service purchased by an agent acting on behalf of the state lottery. The furnishing for a consideration of access to telephone services by a hotel to its guests is a sale under this clause. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale. The sale of natural gas to be used as a fuel in vehicles propelled by natural gas shall not be considered a sale for the purposes of this section;

(g) The furnishing for a consideration of cable television services, including charges for basic service, charges for premium service, and any other charges for any other pay-per-view, monthly, or similar television services;

(h) ~~Notwithstanding section 297A.25, subdivisions 9 and 12, the sales of racehorses including claiming sales and fees paid for breeding racehorses or horses previously used for racing shall be considered a "sale" and a "purchase." "Racehorse" means a horse that is or is intended to be used for racing and whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association. "Sale" does not include fees paid for breeding horses that are not racehorses;~~

~~(i)~~ The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

~~(j)~~ (i) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; tree, bush, shrub and stump removal; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) mixed municipal solid waste ~~collection and disposal~~ management services as described in section 297A.45;

(viii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(ix) the furnishing for consideration of lodging, board and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes;

~~(k)~~ (j) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

~~(l)~~ (k) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, for educational and social activities for young people primarily age 18 and under.

Sec. 23. Minnesota Statutes 1994, section 297A.01, is amended by adding a subdivision to read:

Subd. 21. [MIXED MUNICIPAL SOLID WASTE MANAGEMENT SERVICES.] "Mixed municipal solid waste management services" or "waste management services" means services relating to the management of mixed municipal solid waste from collection to disposal, including transportation and management at waste facilities. The definitions in section 115A.03 apply to this subdivision.

Sec. 24. Minnesota Statutes 1994, section 297A.02, subdivision 4, is amended to read:

Subd. 4. [MANUFACTURED HOUSING AND PARK TRAILERS.] Notwithstanding the provisions of subdivision 1, for sales at retail of new manufactured homes used for residential purposes and new or used park trailers, as defined in section 168.011, subdivision 8, paragraph (b), the excise tax is imposed upon 65 percent of the sales price of the home or park trailer.

Sec. 25. Minnesota Statutes 1994, section 297A.135, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A tax is imposed on the lease or rental in this state for not more than 28 days of a passenger automobile as defined in section 168.011, subdivision 7, a van as defined in section 168.011, subdivision 28, or a pickup truck as defined in section 168.011, subdivision 29. A van designed or adapted primarily for transporting property rather than passengers is exempt from the tax imposed under this section. The tax is imposed at the rate of 6.2 percent of the sales price as defined for the purpose of imposing the sales and use tax in this chapter. The tax does not apply to the lease or rental of a hearse or limousine used in connection with a burial or funeral service. It applies whether or not the vehicle is licensed in the state.

Sec. 26. Minnesota Statutes 1994, section 297A.15, is amended by adding a subdivision to read:

Subd. 7. [REFUND; APPROPRIATION; ADULT AND JUVENILE CORRECTIONAL FACILITIES.] (a) If construction materials and supplies described in paragraph (b) are purchased by a contractor, subcontractor, or builder as part of a lump-sum contract or similar type of contract with a price covering both labor and materials for use in the project, a refund equal to 20 percent of the taxes paid by the contractor, subcontractor, or builder must be paid to the governmental subdivision. An application must be submitted by the governmental subdivision and must include sufficient information to permit the commissioner to verify the sales taxes paid for the project. The contractor, subcontractor, or builder must furnish to the governmental subdivision a statement of the cost of the construction materials and supplies and the sales taxes paid on them. The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refund at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

(b) Construction materials and supplies qualify for the refund under this section if: (1) the materials and supplies are for use in a project to construct or improve an adult or juvenile correctional facility in a county, home rule charter city, or statutory city, and (2) the project is mandated by state or federal law, rule, or regulation. The refund applies regardless of whether the materials and supplies are purchased by the city or county, or by a contractor, subcontractor, or builder under a contract with the city or county.

Sec. 27. Minnesota Statutes 1994, section 297A.25, subdivision 9, is amended to read:

Subd. 9. [MATERIALS CONSUMED IN PRODUCTION.] The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced are exempt. Seeds, trees, fertilizers, and herbicides purchased for use by farmers in the Conservation Reserve Program under United States Code, title 16, section 590h, the Integrated Farm Management Program under section 1627 of Public Law Number 101-624, the Wheat and Feed Grain Programs under sections 301 to 305 and 401 to 405 of Public Law Number 101-624, and the conservation reserve program under sections 103F.505 to 103F.531, are included in this exemption. Sales to a veterinarian of materials used or consumed in the care, medication, and treatment of agricultural production animals and horses used in agricultural production are exempt

under this subdivision. Chemicals used for cleaning food processing machinery and equipment are included in this exemption. Materials, including chemicals, fuels, and electricity purchased by persons engaged in agricultural or industrial production to treat waste generated as a result of the production process are included in this exemption. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein. Electricity used to make snow for outdoor use for ski hills, ski slopes, or ski trails is included in this exemption.

Sec. 28. Minnesota Statutes 1994, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, and school districts are exempt.

As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, including, without limitation, school districts, intermediate school districts, education districts, educational cooperative service units, secondary vocational cooperative centers, special education cooperatives, joint purchasing cooperatives, telecommunication cooperatives, regional management information centers, technical colleges, joint vocational technical districts, and any instrumentality of a school district, as defined in section 471.59.

Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii).

Sales to hospitals and nursing homes owned and operated by political subdivisions of the state are exempt under this subdivision.

The sales to and exclusively for the use of libraries of books, periodicals, audio-visual materials and equipment, photocopiers for use by the public, and all cataloging and circulation equipment, and cataloging and circulation software for library use are exempt under this subdivision. For purposes of this paragraph "libraries" means libraries as defined in section 134.001, county law libraries under chapter 134A, the state library under section 480.09, and the legislative reference library.

Sales of supplies and equipment used in the operation of an ambulance service owned and operated by a political subdivision of the state are exempt under this subdivision provided that the supplies and equipment are used in the course of providing medical care. Sales to a political subdivision of repair and replacement parts for emergency rescue vehicles and fire trucks and apparatus are exempt under this subdivision.

Sales to a political subdivision of machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste ~~collection and disposal~~ management services at a solid waste disposal facility as defined in section 115A.03, subdivision 10, are exempt under this subdivision.

Sales to political subdivisions of chore and homemaking services to be provided to elderly or disabled individuals are exempt.

Sales of telephone services to the department of administration that are used to provide telecommunications services through the intertechnologies revolving fund are exempt under this subdivision.

This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

The tax imposed on sales to political subdivisions of the state under this section applies to all political subdivisions other than those explicitly exempted under this subdivision, notwithstanding section 115A.69, subdivision 6, 116A.25, 360.035, 458A.09, 458A.30, 458D.23, 469.101, subdivision 2, 469.127, 473.394, 473.448, 473.545, or 473.608 or any other law to the contrary enacted before 1992.

Sales exempted by this subdivision include sales made to other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state, but do not include sales under section 297A.01, subdivision 3, paragraphs (c) and (e).

Sec. 29. Minnesota Statutes 1994, section 297A.25, subdivision 57, is amended to read:

Subd. 57. [HORSES.] The gross receipts from the sale of horses ~~other than~~, including racehorses ~~taxable under section 297A.01, subdivision 3, paragraph (h)~~, and all sales to persons who raise or board horses, of all materials, including feed and bedding, used or consumed in the breeding, raising, and keeping of horses, are exempt. Machinery, equipment, implements, tools, appliances, furniture, and fixtures, used in the breeding, raising, and keeping of horses, are not included within this exemption.

Sec. 30. Minnesota Statutes 1994, section 297A.25, subdivision 59, is amended to read:

Subd. 59. [FARM MACHINERY.] From July 1, 1994, until June 30, ~~1995~~ 1996, the gross receipts from the sale of used farm machinery are exempt.

Sec. 31. Minnesota Statutes 1994, section 297A.25, is amended by adding a subdivision to read:

Subd. 60. [CONSTRUCTION MATERIALS; STATE CONVENTION CENTER.] Construction materials and supplies are exempt from the tax imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if:

(1) the materials and supplies are used or consumed in constructing improvements to a state convention center located in a city located outside of the metropolitan area as defined in section 473.121, subdivision 2, and the center is governed by an 11-person board of which four are appointed by the governor; and

(2) the improvements are financed in whole or in part by nonstate resources including, but not limited to, revenue or general obligations issued by the state convention center board of the city in which the center is located.

The exemption provided by this subdivision applies to construction materials and supplies purchased prior to December 31, 1998.

Sec. 32. Minnesota Statutes 1994, section 297A.25, is amended by adding a subdivision to read:

Subd. 61. [CONSTRUCTION MATERIALS FOR INDOOR ICE ARENAS.] The gross receipts from the sale of construction materials and supplies are exempt if:

(1) the materials and supplies are to be used in constructing an indoor ice arena intended to be used predominantly for youth athletic activities; and

(2) a school district is a party to a joint powers agreement that governs the ownership, operation, and maintenance of the facility.

This exemption applies regardless of whether the purchases are made by the owner of the facility or a contractor.

Sec. 33. Minnesota Statutes 1994, section 297A.45, is amended to read:

297A.45 [MIXED MUNICIPAL SOLID WASTE ~~COLLECTION AND DISPOSAL~~ MANAGEMENT SERVICES.]

Subdivision 1. [DEFINITIONS.] The definitions in sections 115A.03 and 297A.01 apply to this section.

Subd. 2. [APPLICATION.] The taxes imposed by sections 297A.02 and 297A.021 apply to all public and private mixed municipal solid waste ~~collection and disposal~~ management services.

Notwithstanding section 297A.25, subdivision 11, a political subdivision that purchases ~~collection or disposal~~ waste management services on behalf of its citizens shall pay the taxes.

If a political subdivision provides ~~collection or disposal services~~ a waste management service to its residents at a cost in excess of the total direct charge to the residents for the service, the political subdivision shall pay the taxes based on its cost of providing the service in excess of the direct charges.

A person who transports mixed municipal solid waste generated by that person or by another person without compensation shall pay the taxes at the ~~disposal or resource recovery~~ waste facility based on the disposal charge or tipping fee.

Subd. 3. [EXEMPTIONS.] (a) The cost of a service or the portion of a service to collect and manage recyclable materials separated from mixed municipal solid waste by the waste generator is exempt from the taxes imposed in sections 297A.02 and 297A.021.

(b) The amount of a surcharge or fee imposed under section 115A.919, 115A.921, 115A.923, or 473.843 is exempt from the taxes imposed in sections 297A.02 and 297A.021.

(c) Waste from a recycling facility that separates or processes recyclable materials and that reduces the volume of the waste by at least 85 percent is exempt from the taxes imposed in sections 297A.02 and 297A.021. To qualify for the exemption under this paragraph, the waste exempted must be ~~collected and disposed of~~ managed separately from other solid waste.

(d) The following costs are exempt from the taxes imposed in sections 297A.02 and 297A.021:

(1) costs of providing educational materials and other information to residents;

(2) costs of managing solid waste other than mixed municipal solid waste, including household hazardous waste; and

(3) costs of court litigation and associated damages.

(e) The cost of a waste management service is exempt from the taxes imposed in sections 297A.02 and 297A.021 to the extent that the cost was previously subject to the tax.

Subd. 4. [CITY SALES TAX MAY NOT BE IMPOSED.] Notwithstanding any other law or charter provision to the contrary, a home rule charter or statutory city that imposes a general sales tax may not impose the sales tax on solid waste ~~disposal and collection~~ management services that are subject to the tax under this section. This subdivision does not apply to a tax imposed under section 297A.021.

Subd. 5. [SEPARATE ACCOUNTING.] The commissioner shall account for revenue collected from public and private mixed municipal solid waste ~~collection and disposal~~ management services under this section separately from other tax revenue collected under this chapter.

Sec. 34. Minnesota Statutes 1994, section 297B.01, subdivision 5, is amended to read:

Subd. 5. [MOTOR VEHICLE.] "Motor vehicle" means any self-propelled vehicle not operated exclusively upon railroad tracks and any vehicle propelled or drawn by a self-propelled vehicle for which registration is required by chapter 168. Motor vehicle includes vehicles known as trackless trolleys which are propelled by electric power obtained from overhead trolley wires but not operated upon rails and motor vehicles that are purchased on Indian reservations where the tribal council has entered into a sales tax on motor vehicles refund agreement with the state of Minnesota. Motor vehicle does not include snowmobiles or manufactured homes. ~~For purposes of taxation only under this section, "motor vehicle" includes a park trailer as defined in section 168.011, subdivision 8, paragraph (b).~~

Sec. 35. Minnesota Statutes 1994, section 297B.02, subdivision 3, is amended to read:

Subd. 3. [IN LIEU FOR COLLECTOR VEHICLES.] In lieu of the tax imposed in subdivision 1, there is imposed a tax of $90 on the purchase price of a passenger automobile or a fire truck described in section 297B.025, subdivision 2.

Sec. 36. Minnesota Statutes 1994, section 297B.025, subdivision 2, is amended to read:

Subd. 2. [COLLECTOR VEHICLES.] A passenger automobile that is registered under section 168.10, subdivision 1a, 1b, 1c, 1d, or 1h, or a fire truck registered under section 168.10, subdivision 1c, shall be taxed under section 297B.02, subdivision 3, and the registrar shall not designate as an above-market automobile a passenger automobile or a fire truck registered under those subdivisions. If the vehicle is subsequently registered in another class not under section 168.10, subdivision 1a, 1b, 1c, 1d, or 1h, within one year of the date of registration under those subdivisions, it shall be subject to the full excise tax imposed under subdivision 1.

Sec. 37. Minnesota Statutes 1994, section 297B.032, is amended to read:

297B.032 [REFUND ON PARK TRAILERS; APPROPRIATION.]

Notwithstanding the provisions of section 297B.02, or any other law to the contrary, a portion of the sales tax on motor vehicles paid on park trailers, as defined in section 168.011, subdivision 8, paragraph (b), under this chapter shall be refunded by the commissioner of revenue provided the following conditions are met:

(1) the park trailer is purchased after January 1, 1993, and before January 1, 1997;

(2) the owner paid the sales tax on motor vehicles on the park trailer;

(3) property taxes have been imposed upon the park trailer for at least the last two taxes payable years; and

(4) property taxes on the park trailer for the years cited in clause (3) have been paid by the owner of the park trailer.

Upon application by the purchaser, on forms prescribed by the commissioner of revenue, a refund equal to 35 percent of the actual taxes paid, shall be paid to the purchaser. The application must include sufficient information, including a copy of the sales invoice for the park trailer, and the property tax statements for the years cited in clause (3), or a reproduction thereof, with a notation from the county treasurer that the taxes have been paid on the park trailer.

The amounts required to make the refunds are annually appropriated to the commissioner of revenue from the general fund. The amount to be refunded shall bear interest at the rate in section 270.76 after 60 days after the refund claim was made until the date the refund is paid.

Sec. 38. Laws 1991, chapter 291, article 8, section 28, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Minnesota Statutes, section 469.190, the city of Winona may, by ordinance, impose a tax of up to one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or

resort, other than the renting or leasing of it for a continuous period of 30 days or more. The city may, by ordinance, impose the tax authorized under this section on the camping site receipts of a municipal campground.

Fifty percent of the proceeds of this tax shall be used to retire the indebtedness of the Julius C. Wilke Steamboat Center ~~and~~. Upon retirement of the debt, 50 percent of the proceeds shall be used as directed in Minnesota Statutes, section 469.190, subdivision 3. The balance ~~shall be used in the manner~~ of the tax proceeds may be used to promote tourist activities, as determined by resolution of the council, for the following purposes:

(1) improvements to the levee and its adjacent area;

(2) improvements to Prairie Island shoreline;

(3) improvements to the municipal marina; or

(4) as directed in Minnesota Statutes, section 469.190, subdivision 3. ~~Upon retirement of the debt, the council shall by ordinance reduce the tax by one-half percent or dedicate the entire one percent in the manner directed in Minnesota Statutes, section 469.190, subdivision 3.~~

The tax shall be collected in the same manner as other taxes authorized under Minnesota Statutes, section 469.190.

Sec. 39. Laws 1986, chapter 400, section 44, is amended to read:

Sec. 44. [DOWNTOWN TAXING AREA.]

If a bill is enacted into law in the 1986 legislative session which authorizes the city of Minneapolis to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities, which authorizes certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions of that law "downtown taxing area" shall mean the geographic area bounded by the portion of the Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the river and I-35W, the portion of I-35W between Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the Burlington Northern Railroad tracks from I-94 to Main Street and including Nicollet Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin Avenue between Main Street and 2nd Street S.E., and the portion of 2nd Street S.E. between Main Street and Bank Street, and the portion of Bank Street between 2nd Street S.E. and University Avenue S.E., and the portion of University Avenue S.E. between Bank Street and I-35W, and by I-35W from University Avenue S.E., to the river. The downtown taxing area excludes the area bounded on the south and west by Oak Grove Street, on the east by Spruce Place, and on the north by West 15th Street.

Sec. 40. [EVALUATION.]

The commissioner of revenue shall conduct an evaluation to determine the accuracy of taxes paid by counties on solid waste collection and disposal services as required by Minnesota Statutes 1994, section 297A.45. The commissioner shall report, by January 1, 1996, the results of the evaluation, both in the aggregate and by county, to the chairs of the house committee on taxes and the senate committee on taxes and tax laws, and to the co-chairs of the legislative commission on waste management. The final results of the evaluation are classified as public data. The commissioner shall not initiate or continue any action to collect any underpayment from counties, or to reimburse any overpayment to counties, of taxes on solid waste collection and disposal services pursuant to Minnesota Statutes 1994, section 297A.45, until June 1, 1996. The statute of limitations for assessing, collecting, or refunding taxes subject to the provisions of this section is tolled from the date of enactment until June 1, 1996.

Sec. 41. [AGRICULTURE PROCESSING FACILITY MATERIALS; EXEMPTION.]

Subdivision 1. [EXEMPTION; DEFINITION.] Purchases of construction materials and supplies are exempt from the sales and use taxes imposed under this chapter, regardless of whether

purchased by the owner or a contractor, if the materials and supplies are used or consumed in constructing an agriculture processing facility that meets the requirements of this section. For purposes of this section, "agricultural processing facility" means land, buildings, structures, fixtures, and improvements used or operated primarily for the processing or production of marketable products from agricultural crops, including waste and residues from agricultural crops, but not including livestock or livestock products, poultry or poultry products, or wood or wood products. For purposes of this section, "agricultural processing facility" does not include an ethanol production facility.

Subd. 2. [QUALIFICATIONS.] An agricultural processing facility qualifies for the exemption provided under this section if it meets each of the following requirements:

(a) The total investment in the facility must be at least $8,500,000.

(b) The facility must be located in a municipality that has a median household income that does not exceed $18,000 according to the 1990 federal census information on income and poverty status in 1989.

(c) The total investment in the facility must exceed an amount equal to $12,000 per resident of the municipality in which the facility is located.

Subd. 3. [COLLECTION AND REFUND OF TAX.] The tax shall be imposed and collected as if the rates under sections 297A.02, subdivision 1, and 297A.021, applied, and then refunded in the manner provided in section 297A.15, subdivision 5.

Subd. 4. [EFFECTIVE DATE.] This section is effective for sales made after March 31, 1995, and before March 31, 1996.

Sec. 42. [ADVISORY COUNCIL; SALES TAX.]

Subdivision 1. [CREATION; MEMBERSHIP.] (a) A state advisory council is established to study the general and motor vehicle sales and use taxes under Minnesota Statutes 1994, chapters 297A and 297B, and to make recommendations to the 1996 legislature. The study shall be completed and findings reported to the legislature by February 1, 1996.

(b) The advisory council consists of 17 members who serve at the pleasure of the appointing authority as follows:

(1) ten legislators; five members of the senate, including two members of the minority party, appointed by the subcommittee on committees of the committee on rules and administration and five members of the house of representatives, including two members of the minority party, appointed by the speaker;

(2) the commissioner of revenue or the commissioner's designee; and

(3) six members of the public; two appointed by the subcommittee on committees of the committee on rules and administration of the senate, two appointed by the speaker of the house, and two appointed by the governor. At least one member of the public that is appointed by each entity must represent a consumer interest group or other private citizen group, public policy organization, or university department of public policy or economics.

Subd. 2. [SCOPE OF STUDY.] (a) The purpose of the advisory council is to:

(1) develop a framework of appropriate tax policy goals, including but not limited to goals related to issues of equity, efficiency, and understandability, to be used in evaluating the overall sales tax system;

(2) evaluate the current sales and use tax system as it relates to these policy goals, including identification of current inconsistencies in treatment of various industries, problems with compliance and administration, and the economic impact of the system;

(3) analyze changes in the global and regional economy and the potential problems that might arise in sales tax collection and administration due to these changes, including but not limited to

impacts of international trade agreements (GATT and NAFTA), and changes in technology and telecommunications;

(4) suggest options for changing the sales tax system, including eliminating or changing exemptions, broadening the tax base, or replacing it with an alternative tax system such as value added tax or another form of consumption tax. The options should be evaluated in terms of advancing the policy goals established under clause (1).

(b) The advisory council's report to the legislature must include recommendations for modifying the sales and use tax system in light of the tax policy goals established by the council. The report must also establish a tax policy framework for evaluating other proposed changes in the sales tax.

Subd. 3. [STAFF.] The department of revenue and legislative staff shall provide administrative and staff assistance when requested by the advisory council.

Subd. 4. [COOPERATION BY OTHER AGENCIES.] The commissioners of the department of trade and economic development, the department of finance, and any other state department or agency shall, upon request by the advisory council, provide data or other information that is collected or possessed by their agencies and that is necessary or useful in conducting the study and preparing the report required by this section.

Sec. 43. [REPEALER.]

(a) Minnesota Statutes 1994, section 296.0261, is repealed.

(b) Minnesota Statutes 1994, section 297A.136, is repealed.

Sec. 44. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

Sections 3 and 4 are effective June 1, 1995. Section 4 is repealed June 1, 2000.

Sections 5 to 21 and 43, paragraph (a), are effective July 1, 1995.

Sections 23, 28, 33, 40, 42, and the part of section 22 amending language in paragraph (i), clause (vii), are effective the day following final enactment.

Sections 24 and 34 are effective for sales made after December 31, 1996.

Section 25 is effective beginning with leases or rentals made after June 30, 1995.

Section 26 is effective retroactively for sales after May 31, 1992.

Section 27 is effective for sales made after June 30, 1995.

Section 29 and the part of section 22 striking the language after paragraph (h) are effective for sales after June 30, 1995.

Section 32 is effective for sales made after June 30, 1995, and before July 1, 1996.

Sections 35 and 36 are effective for sales or transfers made after June 30, 1995.

Section 38 is effective the day after the governing body of the city of Winona complies with Minnesota Statutes,section 645.021, subdivision 3.

Section 39 is effective upon compliance by the Minneapolis city council with Minnesota Statutes, section 645.021, subdivision 3.

Section 43, paragraph (b), is effective for sales of 900 information services made after June 30, 1995.

ARTICLE 3

PROPERTY TAXES

Section 1. Minnesota Statutes 1994, section 124.918, subdivision 1, is amended to read:

Subdivision 1. [CERTIFY LEVY LIMITS.] By September ~~1~~ 8, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to section 124.918, subdivision 3, as well as adjustments to final pupil unit counts. A school district may require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over two calendar years.

Sec. 2. Minnesota Statutes 1994, section 124.918, subdivision 2, is amended to read:

Subd. 2. [NOTICE TO COMMISSIONER; FORMS.] By September ~~15~~ 30 of each year each district shall notify the commissioner of education of the proposed levies in compliance with the levy limitations of this chapter and chapters 124A, 124B, 136C, and 136D. By January 15 of each year each district shall notify the commissioner of education of the final levies certified. The commissioner of education shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

Sec. 3. Minnesota Statutes 1994, section 168.012, subdivision 9, is amended to read:

Subd. 9. [MANUFACTURED HOMES AND PARK TRAILERS.] Manufactured homes and park trailers shall not be taxed as motor vehicles using the public streets and highways and shall be exempt from the motor vehicle tax provisions of this chapter. Except as provided in section 273.125, manufactured homes and park trailers shall be taxed as personal property. The provisions of Minnesota Statutes 1957, section 272.02 or any other act providing for tax exemption shall be inapplicable to manufactured homes and park trailers, except such manufactured homes as are held by a licensed dealer and exempted as inventory. Travel trailers not conspicuously displaying current registration plates on the property tax assessment date shall be taxed as manufactured homes if occupied as human dwelling places. ~~Park trailers not used on the highway during any calendar year must be taxed as manufactured homes if occupied as human dwelling places. Park trailers used on the highway during any calendar year must be taxed under section 168.013, subdivision 1j.~~

Sec. 4. Minnesota Statutes 1994, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

(1) All public burying grounds.

(2) All public schoolhouses.

(3) All public hospitals.

(4) All academies, colleges, and universities, and all seminaries of learning.

(5) All churches, church property, and houses of worship.

(6) Institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d), other than those that qualify for exemption under clause (25).

(7) All public property exclusively used for any public purpose.

(8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution

system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

(9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days have passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in

an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21) (a) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and before January 2, 1995, and used as an electric power source, are exempt.

(b) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1995, including the foundation or support pad, which are (i) used as an electric power source; (ii) located within one county and owned by the same owner; and (iii) produce two megawatts or less of electricity as measured by nameplate ratings, are exempt.

(c) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1995, and used as an electric power source but not exempt under item (b), are treated as follows: (i) the foundation and support pad are taxable; (ii) the associated supporting and protective structures are exempt for the first five assessment years after they have been constructed, and thereafter, 30 percent of the market value of the associated supporting and protective structures are taxable; and (iii) the turbines, blades, transformers, and its related equipment, are exempt.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended.

In order for a structure to be exempt under (i) or (ii), it must also meet each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

(27) Manure pits and appurtenances, which may include slatted floors and pipes, installed or operated in accordance with a permit, order, or certificate of compliance issued by the Minnesota pollution control agency. The exemption shall continue for as long as the permit, order, or certificate issued by the Minnesota pollution control agency remains in effect.

(28) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a facility containing a cogeneration system as described in section 216B.166, subdivision 2, paragraph (a), if the cogeneration system has met the following criteria: (i) the system utilizes natural gas as a primary fuel and the cogenerated steam initially replaces steam generated from existing thermal boilers utilizing coal; (ii) the facility developer is selected as a result of a procurement process ordered by the public utilities commission; and (iii) construction of the facility is commenced after July 1, 1994, and before July 1, 1997.

(29) Real property acquired by a home rule charter city, statutory city, county, town, or school district under a lease purchase agreement or an installment purchase contract during the term of the lease purchase agreement as long as and to the extent that the property is used by the city, county, town, or school district and devoted to a public use and to the extent it is not subleased to any private individual, entity, association, or corporation in connection with a business or enterprise operated for profit.

Sec. 5. [272.027] [PERSONAL PROPERTY USED TO GENERATE ELECTRICITY FOR PRODUCTION AND RESALE.]

Personal property used to generate electric power is exempt from property taxation if the electric power is used to manufacture or produce goods, products, or services, other than electric power, by the owner of the electric generation plant. The exemption does not apply to property used to produce electric power for sale to others and does not apply to real property. In determining the value subject to tax, a proportionate share of the value of the generating facilities, equal to the proportion that the power sold to others bears to the total generation of the plant, is subject to the general property tax in the same manner as other property. Power generated in such a plant and exchanged for an equivalent amount of power that is used for the manufacture or production of goods, products, or services other than electric power by the owner of the generating plant is considered to be used by the owner of the plant.

Sec. 6. Minnesota Statutes 1994, section 272.115, subdivision 1, is amended to read:

Subdivision 1. Whenever any real estate is sold for a consideration in excess of $1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor,

grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. Pursuant to the authority of the commissioner of revenue in section 270.066, the certificate of value must include the social security number or the federal employer identification number of the grantors and grantees. The identification numbers of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration.

Sec. 7. Minnesota Statutes 1994, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property of a trustee, beneficiary, or grantor of a trust is not disqualified from receiving homestead benefits if the homestead requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (f), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, or aunt. This relationship may be by blood or marriage. Property ~~that was~~ classified as seasonal recreational residential property ~~at the time when treatment under this paragraph would first apply shall continue to be classified as seasonal recreational residential property for the first four assessment years beginning after the date when the relative of the owner occupies the property as a homestead~~ will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this ~~delay~~ prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time

when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, father, or mother of the owner of the agricultural property or a son or daughter of the spouse of the owner of the agricultural property,

(2) the owner of the agricultural property must be a Minnesota resident,

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota, and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location ~~as provided under subdivision 13, or~~ (4) residence in a nursing home or boarding care facility, or (5) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the spouse of an owner if he or she previously occupied the residence with the owner and the absence of the owner is due to one of the exceptions provided in this paragraph.

(f) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a coowner, the assessor shall allow a full homestead classification. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

Sec. 8. Minnesota Statutes 1994, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The

application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

(c) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and social security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property ~~owner's spouse does not occupy the homestead because marriage dissolution proceedings are pending, the spouses are legally separated, or the spouse's employment or self-employment location requires the spouse to have a separate homestead. The assessor may require proof of employment or self-employment and employment or self-employment location, or proof of dissolution proceedings or legal separation~~ qualifies as a homestead under subdivision 1, paragraph (e).

~~If the social security number or affidavit or other proof is not provided, the county assessor shall classify the property as nonhomestead.~~ Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and social security number of the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and social security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

The social security numbers or affidavits or other proofs of the property owners and spouses are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the revenue recapture act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The social security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, or any assessment year thereafter, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. Beginning with assessment year 1993 for all properties, If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If, in comparing the lists supplied by the counties, the commissioner finds that a property owner ~~is~~ may be claiming ~~more than one~~ a fraudulent homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes. In the case of a manufactured home, the amount shall be certified to the current year's tax list for collection.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 9. Minnesota Statutes 1994, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a class rate of three percent of the first $100,000 of market value for taxes payable in 1993 and thereafter, and 5.06 percent of the market value over $100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first $100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first $100,000 of market value, except that:

(1) if the market value of the parcel is less than $100,000, and additional parcels are owned by the same person or entity in the same city or town within that county, the reduced class rate shall

be applied up to a combined total market value of $100,000 for all parcels owned by the same person or entity in the same city or town within the county;

(2) in the case of grain, fertilizer, and feed elevator facilities, as defined in section 18C.305, subdivision 1, or 232.21, subdivision 8, the limitation to one parcel per owner per county for the reduced class rate shall not apply, but there shall be a limit of $100,000 of preferential value per site of contiguous parcels owned by the same person or entity. Only the value of the elevator portion of each parcel shall qualify for treatment under this clause. For purposes of this subdivision, contiguous parcels include parcels separated only by a railroad or public road right-of-way; and

(3) in the case of property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1993, if the property is used as a business incubator, the limitation to one parcel per owner per county for the reduced class rate shall not apply, provided that the reduced rate applies only to the first $100,000 of value per parcel owned by the organization. As used in this clause, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization.

To receive the reduced class rate on additional parcels under clause (1), (2), or (3), the taxpayer must notify the county assessor that the taxpayer owns more than one parcel that qualifies under clause (1), (2), or (3).

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of 2.3 percent of the first $50,000 of market value and 3.6 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the class rate of the first $100,000 of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

(c) Structures which are (i) located on property classified as class 3a, (ii) constructed under an initial building permit issued after January 2, 1996, (iii) located in a transit zone as defined under section 473.3915, subdivision 3, (iv) located within the boundaries of a school district, and (v) not primarily used for retail or transient lodging purposes, shall have a class rate of four percent on that portion of the market value in excess of $100,000 and any market value under $100,000 that does not qualify for the three percent class rate under paragraph (a). As used in item (v), a structure is primarily used for retail or transient lodging purposes if over 50 percent of its square footage is used for those purposes. The four percent rate shall also apply to improvements to existing structures that meet the requirements of items (i) to (v) if the improvements are constructed under an initial building permit issued after January 2, 1996, even if the remainder of the structure was constructed prior to January 2, 1996. For the purposes of this paragraph, a structure shall be considered to be located in a transit zone if any portion of the structure lies within the zone. If any property once eligible for treatment under this paragraph ceases to remain eligible due to revisions in transit zone boundaries, the property shall continue to receive treatment under this paragraph for a period of three years.

Sec. 10. Minnesota Statutes 1994, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property in a city with a population of 5,000 or less, that is (1) located outside of the metropolitan area, as defined in section 473.121, subdivision 2, or outside any county contiguous to the metropolitan area, and (2) whose city boundary is at least 15 miles from the boundary of any city

with a population greater than 5,000 has a class rate of ~~3.5 percent of market value for taxes payable in 1992, and 3.4~~ 2.3 percent of market value for taxes payable in ~~1993~~ 1996 and thereafter. All other class 4a property has a class rate of 3.4 percent of market value for taxes payable in 1996 and thereafter. For purposes of this paragraph, population has the same meaning given in section 477A.011, subdivision 3.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency and financed by a direct federal loan or federally insured loan made pursuant to Title II of the Act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited to a term of 15 years. The public financing received must be from at least one of the following sources: government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1993, the proceeds of which are used for the acquisition or rehabilitation of the building; programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act; rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered

by the Minnesota housing finance agency that are used for the acquisition or rehabilitation of the building; public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from federal community development block grants, HOME block grants, or residential rental bonds issued under chapter 474A; or other rental housing program funds provided by the Minnesota housing finance agency for the acquisition or rehabilitation of the building.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics:

(a) it is a nonprofit corporation organized under chapter 317A;

(b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws;

(c) it limits membership with voting rights to residents of the designated community; and

(d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on

which they are located will be designated as class 3a. The first $100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of 2.3 percent of market value, except that (i) for each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) ~~has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter,~~ the first $72,000 of market value on each parcel has a class rate of ~~two~~ 1.9 percent for taxes payable in 1997 and 1.8 percent for taxes payable in 1998 and thereafter, and the market value of each parcel that exceeds $72,000 has a class rate of 2.5 percent, and (ii) manufactured home parks assessed under clause (8) have a class rate of two percent for taxes payable in ~~1993, 1994, and 1995 only~~ 1996, and thereafter.

(d) Class 4d property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the Farmers Home Administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the Farmers Home Administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction

of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. For those properties, 4c or 4d classification is available only for those units meeting the requirements of section 273.1318.

Classification under this clause is only available to property of a nonprofit or limited dividend entity.

In the case of a structure financed or refinanced under any federal or state mortgage insurance or direct loan program exclusively for housing for the elderly or for housing for the handicapped, a unit shall be considered occupied so long as it is actually occupied by an elderly or handicapped person or, if vacant, is held for rental to an elderly or handicapped person.

(2) For taxes payable in 1992, 1993, and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) Qualifying buildings and appurtenances, together with the land upon which they are located, leased for a period of up to five years by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a housing and redevelopment authority authorized under sections 469.001 to 469.047, provided the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size, and the building consists of two or less dwelling units. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. The administering agency shall verify the occupants income eligibility and certify to the county assessor that the occupant meets the income criteria under this paragraph. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this section, "qualifying buildings and appurtenances" shall be defined as one or two unit residential buildings which are unoccupied and have been abandoned and boarded for at least six months.

Class 4d property has a class rate of two percent of market value except that property classified under clause (3), shall have the same class rate as class 1a property.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 11. Minnesota Statutes 1994, section 273.1398, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of local tax rates.

(c) "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that for aid payable in ~~1993~~ 1996 the class rate applicable to all class 4a shall be ~~3.5~~ 3.4 percent; ~~and the class rate applicable to class 4b shall be 2.65 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 percent and the class rate applicable to class 2a property over $115,000 market value and less than 320 acres is 1.15 percent,~~ and (ii) estimated market values for the assessment two years prior to that in which aid is payable.

~~The exclusion of the value of the house, garage, and one acre from the first tier of agricultural homestead property must not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1994.~~ "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1), (2), and (3), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(d) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

(e) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(f) "Equalized school levies" means the amounts levied for:

(1) general education under section 124A.23, subdivision 2;

(2) supplemental revenue under section 124A.22, subdivision 8a;

(3) capital expenditure facilities revenue under section 124.243, subdivision 3;

(4) capital expenditure equipment revenue under section 124.244, subdivision 2;

(5) basic transportation under section 124.226, subdivision 1; and

(6) referendum revenue under section 124A.03.

(g) "Current local tax rate" means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the total previous net tax capacity of the unique taxing jurisdiction.

(h) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties," "gross taxes," or "taxes levied" means the total net tax capacity based taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

"Taxes levied" excludes equalized school levies.

(i) "Human services aids" means:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision 6;

(4) general assistance under section 256D.03, subdivision 2;

(5) work readiness under section 256D.03, subdivision 2;

(6) emergency assistance under section 256.871, subdivision 6;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1;

(8) preadmission screening and alternative care grants;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

(j) "Household adjustment factor" means the number of households for the second most recent year preceding that in which the aids are payable divided by the number of households for the third most recent year. The household adjustment factor cannot be less than one.

(k) "Growth adjustment factor" means the household adjustment factor in the case of counties. In the case of cities, towns, school districts, and special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.

(l) For aid payable in 1992 and subsequent years, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 less any permanent aid reduction in the previous year to homestead and agricultural credit aid under section 477A.0132, plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.

(m) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. The net tax capacity adjustment cannot be less than zero.

(n) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies.

Sec. 12. Minnesota Statutes 1994, section 273.37, is amended by adding a subdivision to read:

Subd. 3. Taxable wind energy conversion systems, as defined in section 216C.06, subdivision 12, which are not owned, operated, and exclusively controlled by the owner of the land upon which the system is situated, must be listed and assessed as personal property in the name of the owner of the system in the taxing district where it is situated.

Sec. 13. Minnesota Statutes 1994, section 274.01, subdivision 1, is amended to read:

Subdivision 1. [ORDINARY BOARD; MEETINGS, DEADLINES, GRIEVANCES.] (a) The town board of a town, or the council or other governing body of a city, is the board of review except in cities whose charters provide for a board of equalization. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting. If in any county, at least 25 percent of the total net tax capacity of a city or town is noncommercial seasonal residential recreational property classified under section 273.13, subdivision 25, the county must hold two county-wide informational meetings on Saturdays. The meetings will allow noncommercial seasonal residential recreational taxpayers to discuss their property valuation with the appropriate assessment staff. These Saturday informational meetings must be scheduled to allow the owner of the noncommercial seasonal residential recreational property the opportunity to attend one of the meetings prior to the scheduled board of review for their city or town. The Saturday meeting dates must be contained on the notice of valuation of real property under section 273.121. The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review or the county board of equalization has adjourned; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just.

(c) A local board of review may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board of review without regard to the one percent limitation.

(d) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(e) If a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of equalization for a review of the assessment or classification. This paragraph does not apply if an assessment was made after the board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board of review meeting.

(f) The board of review or the board of equalization must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is

approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board of review file written objections to an assessment or classification with the county assessor. The objections must be presented to the board of review at its meeting by the county assessor for its consideration.

Sec. 14. Minnesota Statutes 1994, section 275.065, subdivision 1, is amended to read:

Subdivision 1. [PROPOSED LEVY.] (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and ~~each taxing authority~~ shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September 30, each school district shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. The school district may certify the proposed levy as (1) a specific dollar amount, or (2) an amount equal to the maximum levy limitation certified by the commissioner of education to the county auditor according to section 124.918, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 124.491 to 124.495, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

Sec. 15. Minnesota Statutes 1994, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year and, for a town, the amount of its final levy. It must clearly state that each taxing authority, including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. ~~The notice must include the estimated percentage increase in Minnesota personal income, provided by the commissioner of revenue under section 275.064, in a way to facilitate comparison of the proposed budget and levy increases with the increase in personal income. For 1993, the notice must clearly state that each taxing authority holding a public meeting will describe the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and the proposed budget year.~~

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year; and, in the case of residential property, whether the property is classified as homestead or

nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district excess referenda levy, remaining school district levy, regional library district, if in existence, the total of the metropolitan special taxing districts as defined in paragraph (i) and the sum of the remaining special taxing districts, and as a total of the taxing authorities, including all special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referendums, including those taxes based on net tax capacity as well as those based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. In the case of the city of Minneapolis, the levy for the Minneapolis library board and the levy for Minneapolis park and recreation shall be listed separately from the remaining amount of the city's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672; and

(3) metropolitan mosquito control commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 16. Minnesota Statutes 1994, section 276.131, is amended to read:

276.131 [DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.]

The penalties, interest, and costs collected on special assessments and real and personal property taxes must be distributed as follows:

(1) all penalties and interest collected on special assessments against real or personal property must be distributed to the taxing jurisdiction that levied the assessment;

(2) 50 percent of all penalties and interest collected on real and personal property taxes must be distributed to the county in which the property is located, and the other 50 percent must be distributed to the school ~~district in which the property is located~~ districts within the county. The distribution to the school district must be in accordance with the provisions of section 124.10; and

(3) all costs collected by the county on special assessments and on delinquent real and personal property taxes must be distributed to the county in which the property is located.

Sec. 17. [276.20] [WIND ENERGY TAX; DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of this section and section 276.21, the following terms shall have these meanings, unless otherwise provided to the contrary.

Subd. 2. [WIND ENERGY SYSTEM.] "Wind energy system" means a wind energy conversion system defined under section 216C.06, subdivision 12, which is used as an electric power source.

Subd. 3. [AREA.] "Area" means the counties of Lincoln and Pipestone.

Subd. 4. [HOME COUNTY.] "Home county" means the county of Pipestone.

Subd. 5. [MUNICIPALITY.] "Municipality" means any city or town that is located in the area.

Subd. 6. [QUALIFYING WIND ENERGY SYSTEM NET TAX CAPACITY.] "Qualifying wind energy system net tax capacity" means:

(a) the taxable portion of the net tax capacity of any wind energy system located in the area installed after January 1, 1995;

(b) the portion of the hypothetical net tax capacity of a wind energy system located in the area installed after January 1, 1991, and before January 2, 1995, that would be computed if the property were subject to taxation under section 272.02, subdivision 1, clause (21), paragraph (c).

Sec. 18. [276.21] [WIND ENERGY TAX.]

Subdivision 1. [DETERMINING LOCAL TAX RATES.] In determining the local tax rate under section 275.08 for the county and for any municipality in which one or more wind energy systems are located, the county auditor shall deduct the qualifying wind energy system net tax capacity as defined under section 276.20, subdivision 6, clause (a), from the total net tax capacity of the county and each municipality containing this property.

Subd. 2. [COUNTY WIND ENERGY TAX.] Each county auditor shall determine the county wind energy tax by multiplying the county tax rate times the net tax capacity of the taxable wind

energy system property located within the county. The sum of these amounts for each county in the area shall be called the "county wind energy distribution pool."

Subd. 3. [MUNICIPAL WIND ENERGY TAX.] Each county auditor shall determine the municipal wind energy tax by multiplying each municipality's tax rate times the net tax capacity of the taxable wind energy system property located within the municipality. The sum of these amounts for all municipalities in the area shall be called the "municipal wind energy distribution pool."

Subd. 4. [COUNTY WIND ENERGY DISTRIBUTION.] Each county within the area is entitled to receive a distribution from the county wind energy distribution pool equal to its proportion of qualifying wind energy system net tax capacity relative to the total for all counties in the area, provided that each county in the area shall be entitled to a distribution equal to the greater of (a) ten percent of the total county wind energy distribution pool, or (b) 50 percent of the county's wind energy tax.

Subd. 5. [MUNICIPAL WIND ENERGY DISTRIBUTION.] Each municipality within the area is entitled to receive a distribution from the municipal wind energy distribution pool equal to its proportion of qualifying wind energy system net tax capacity relative to the total for all municipalities in the area.

Subd. 6. [WIND ENERGY TAX SETTLEMENT; PAYMENT.] The home county auditor shall determine for each county in the area the difference between the amount of the county wind energy tax under subdivision 2 and the county wind energy distribution under subdivision 4. The home county auditor shall also determine for each municipality within each county in the area, the difference between the amount of the municipal wind energy tax under subdivision 3 and the municipal wind energy distribution under subdivision 5. On or before May 16 of each year, the home county shall certify the differences so determined to each county auditor in the area. In addition, the home county auditor shall certify to those county auditors in the area whose county and municipal wind energy tax exceeds the total county and municipal wind energy tax distribution, the settlement the county is to make to the other counties. On or before June 15 and November 15 of each year, each county treasurer in a county in the area having a total wind energy tax in excess of the total wind energy distribution shall pay one-half of the excess to the other counties in accordance with the home county auditor's certification. On or before June 25 and November 25 of each year, each county treasurer in the area shall pay the county and each municipality its wind energy distribution amount.

Sec. 19. Minnesota Statutes 1994, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3 or 4, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty shall be at a rate of two percent on homestead property until May 31 and four percent on June 1. The penalty on nonhomestead property shall be at a rate of four percent until May 31 and eight percent on June 1. This penalty shall not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month beginning July 1, up to and including October 1 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed $50, one-half thereof may be paid prior to May 16 or 21 days after the postmark date

on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of four percent shall accrue and on the first day of December following, an additional penalty of two percent shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following.

This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding $50, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 20. Minnesota Statutes 1994, section 279.01, is amended by adding a subdivision to read:

Subd. 4. [SEASONAL RESIDENTIAL RECREATIONAL PROPERTY.] In the case of class 4c seasonal residential recreational property not used for commercial purposes, penalties shall accrue and be charged on unpaid taxes at the times and at the rates provided in subdivision 1 for homestead property.

Sec. 21. [282.135] [DELEGATION BY COUNTY BOARD.]

Except as provided in section 282.13 and notwithstanding any other law to the contrary, the county board may delegate to the county auditor any authority, power, or responsibility relating generally to the administration of tax-forfeited land assigned to the county board this chapter. This delegation includes, but is not limited to, the authority, power, and responsibility to classify tax-forfeited land as conservation or nonconservation property; set the appraisal values and terms of sale and sell at public auction; initiate legal proceedings to cancel purchase and repurchase contracts in default status; authorize reinstatement of canceled tax-forfeited contracts; and authorize former owners and other eligible parties to repurchase tax-forfeited land. If delegation is granted under this section, the county board shall prescribe the conditions for delegation and may revoke the delegation without good cause or prior notice. If the county auditor holds elective office, no delegation shall be made under this section unless the county auditor concurs in the delegation.

Sec. 22. Minnesota Statutes 1994, section 290A.03, subdivision 6, is amended to read:

Subd. 6. [HOMESTEAD.] "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to 320 acres or, where the farm homestead is rented, one acre. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

Sec. 23. Minnesota Statutes 1994, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made under section 273.13 but after deductions made under sections 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 274.19, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Sec. 24. Minnesota Statutes 1994, section 290A.04, subdivision 3, is amended to read:

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and refund allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums and other provisions specified in subdivision 2, except that the commissioner may graduate the transition between income brackets. All refunds shall be computed in accordance with tables prepared and issued by the commissioner of revenue.

The commissioner shall include on the form an appropriate space or method for the claimant to identify if the property taxes paid are for a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9.

Sec. 25. Minnesota Statutes 1994, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. A claimant who is a renter or a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

Sec. 26. Minnesota Statutes 1994, section 375.192, is amended by adding a subdivision to read:

Subd. 4. [DELEGATION BY COUNTY BOARD.] Notwithstanding any law to the contrary, the county board may delegate to the county auditor any authority, power, or responsibility assigned to the county board in this section. If delegation is granted under this subdivision, the county board shall prescribe the conditions for the delegation and may revoke delegation without good cause or prior notice. If the county auditor holds elective office, no delegation shall be made under this subdivision unless the county auditor concurs in the delegation.

Sec. 27. [473.3915] [TRANSIT ZONES.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the terms defined in subdivisions 2 and 3 have the meanings given them.

Subd. 2. [REGULAR ROUTE TRANSIT SERVICE.] "Regular route transit service" means services as defined in section 473.385, subdivision 1, paragraph (b), with at least two scheduled runs per hour between 7:00 a.m. and 6:30 p.m., Monday to Friday, and regularly scheduled service on Saturday, Sunday, and holidays, and weekdays after 6:30 p.m.

Subd. 3. [TRANSIT ZONE.] "Transit zone" means the area within one-quarter of a mile of a route along which regular route transit service is provided that is also within the metropolitan urban service area, as determined by the council. "Transit zone" includes any light rail transit route for which funds for construction have been committed.

Subd. 4. [TRANSIT ZONES; MAP AND PLAN.] For the purposes of section 273.13, subdivision 24, the council shall designate transit zones and identify them on a detailed map and in a plan. The council shall review the map and plan once a year and revise them as necessary to indicate the current transit zones. The council shall provide each county and city assessor in the metropolitan area a copy of the current map and plan.

Subd. 5. [TRANSIT ZONE MAP; DATE FIRST PRODUCED.] The metropolitan council shall produce an initial version of the transit zone map required under subdivision 4 by January 1, 1996.

Subd. 6. [APPLICATION.] This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 28. Laws 1985, chapter 302, section 2, subdivision 1, as amended by Laws 1993, chapter 375, article 5, section 36, subdivision 1, is amended to read:

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt ordinances:

(a) establishing a special service district in the part of Minneapolis which is south of 28th Street, west of Dupont Avenue South, north of 31st Street, and east of East Calhoun Parkway and East Lake of the Isles Parkway; ~~and~~

(b) establishing a special service district south of Sixth Street southeast, west of Sixteenth Avenue Southeast, north of a line parallel to and 200 feet south of University Avenue and east of Twelfth Avenue Southeast;

(c) establishing a special service district that includes that part of Minneapolis lying within the following described line: commencing at the intersection of Grant Street with LaSalle Avenue, South on LaSalle Avenue to Franklin Avenue south on Blaisdell Avenue to 29th Street, east on 29th Street to 1st Avenue South, north on 1st Avenue South to a point on a line parallel to and 200 feet south of 26th Street, east on that line to 3rd Avenue South, north on 3rd Avenue South to a point on a line parallel to and 200 feet north of 26th Street, west on that line to 1st Avenue South, north on 1st Avenue South to Grant Street, west on Grant Street to the point of origin;

(d) establishing a special service district south of Saint Anthony Parkway, west of a line parallel to and 300 feet east of Central Avenue, north of Broadway Street, and east of a line parallel to and 300 feet west of Central Avenue; and

(e) establishing a special service district that includes that portion of Minneapolis lying within the following described line: commencing at the intersection of the Mississippi River and Interstate Highway 94, northwesterly along the Mississippi River to its intersection with Interstate Highway 35W, southwesterly on Interstate Highway 35W to its intersection with Hiawatha Avenue extended (Trunk Highway 55), southeasterly on Hiawatha Avenue to its intersection with Franklin Avenue, easterly on Franklin Avenue to its intersection with 20th Avenue South extended, northerly on 20th Avenue South to its intersection with Interstate Highway 94, and easterly on Interstate Highway 94 to the point of origin.

Only property which is zoned for commercial, business, or industrial use under a municipal zoning ordinance may be included in a special service district. The ordinance shall describe with

particularity the areas to be included in the district and the special services to be furnished. The ordinance may not be adopted until after a public hearing on the question. Notice of the hearing shall include:

(1) the time and place of the hearing;

(2) a map showing the boundaries of the proposed district; and

(3) a statement that all persons owning property in the proposed district will be given an opportunity to be heard at the hearing.

Subd. 2. [LOCAL APPROVAL.] This section is effective the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 29. Laws 1992, chapter 511, article 2, section 45, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTION.] As provided in this section, qualified student housing at the Duluth technical college is exempt from ad valorem property taxation and in lieu payments under Minnesota Statutes, section 469.040, subdivision 3. In order to qualify for the exemption, the requirements in subdivisions 2 to 6 must be met.

Sec. 30. Laws 1992, chapter 511, article 2, section 45, is amended by adding a subdivision to read:

Subd. 6a. [HOUSING REDEVELOPMENT AUTHORITY; EXCEPTIONS.] The requirements of subdivisions 2, 3, 4, and 5 do not apply in order to qualify for the exemption if the student housing is owned by the local housing and redevelopment authority, the reduced cost of development due to the exemption is reflected in lower rents, and a reasonable system is used to provide priority to students in renting the dwelling units.

Sec. 31. Laws 1992, chapter 511, article 2, section 45, subdivision 7, is amended to read:

Subd. 7. [EXPIRATION.] ~~This section applies to student housing approved by the state board before January 1, 1997.~~ The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Sec. 32. Laws 1992, chapter 511, article 2, section 46, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTION.] As provided in this section, qualified student housing at the Thief River Falls technical college is exempt from ad valorem property taxation and in lieu payments under Minnesota Statutes, section 469.040, subdivision 3. In order to qualify for the exemption, the requirements in subdivisions 2 to 6 must be met.

Sec. 33. Laws 1992, chapter 511, article 2, section 46, is amended by adding a subdivision to read:

Subd. 6a. [HOUSING REDEVELOPMENT AUTHORITY; EXCEPTIONS.] The requirements of subdivisions 2, 3, 4, and 5 do not apply in order to qualify for the exemption if the student housing is owned by the local housing and redevelopment authority or by a multicounty housing and redevelopment authority on land leased from a city or school district, the reduced cost of development due to the exemption is reflected in lower rents, and a reasonable system is used to provide priority to students in renting the dwelling units.

Sec. 34. Laws 1992, chapter 511, article 2, section 46, subdivision 7, is amended to read:

Subd. 7. [EXPIRATION.] ~~This section applies to student housing approved by the state board before January 1, 1997.~~ The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Sec. 35. Laws 1993, chapter 375, article 5, section 40, subdivision 3, is amended to read:

Subd. 3. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT; AREA.] The governing body of the city may establish a special service district in the city. The district shall be bounded on the northwest by Interstate Highway 35, on the northeast by the centerline of Sixth Avenue West

and as the same is extended to the United States Harbor Line in St. Louis Bay, on the southeast by said Harbor Line and on the southwest by the centerline of ~~Ninth~~ Tenth Avenue West and as the same is extended to said Harbor Line.

Sec. 36. Laws 1993, chapter 375, article 5, section 44, is amended to read:

Sec. 44. [EFFECTIVE DATE.]

Section 1 is effective April 1, 1994.

Sections 2, 3, clause (26), and 43, paragraph (b), are effective for taxes levied in 1993, payable in 1994, and thereafter.

Section 3, clause (25), is effective for taxes levied in 1991, payable in 1992, and thereafter. Upon application to and approval by the county auditor, the county treasurer shall refund to the taxpayer any taxes paid for 1992 that are exempt under section 3, clause (25). The refund shall be paid without interest. Each taxing jurisdiction must reimburse the county for the refund in the same proportion as the taxing jurisdiction's levy bears to the total levies of all jurisdictions for taxes payable in 1992. The amount of the reimbursement may be deducted in the next distribution of tax proceeds to the taxing jurisdiction.

Sections 4 to 7, 17, and 43, paragraph (a), are effective the day following final enactment, except that section 17, paragraphs (c) and (d) are effective for taxes payable in 1994 and thereafter.

Sections 8 to 10, 12, 19, 21 to 27, and 30 are effective for 1993 assessments for taxes payable in 1994 and subsequent years, except if provided otherwise.

Section 11, clauses (1) and (2), are effective for the 1992 assessment, taxes payable in 1993 and thereafter. Section 11, clause (3), is effective for the 1993 assessment, taxes payable in 1994 and thereafter.

Section 13 is effective for qualifying improvements made after January 2, 1993; except that in the case of improvements made under a city-sponsored interest rate incentive program, section 13 is also effective for improvements made between January 1, 1992, and January 1, 1993, provided that the market value of those improvements shall initially be excluded from the property's 1995 assessment and are subject to all other limitations under Minnesota Statutes 1994, section 273.11, subdivision 16.

Sections 14 and 15 are effective for the 1994 assessment, payable in 1995, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1994 assessment, the taxpayer of the property devoted to golf and operated by private clubs, that does not meet the requirement of Minnesota Statutes, section 273.112, subdivision 3, for the 1993 assessment year, must submit an affidavit or other written verification to the assessor showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of Minnesota Statutes, section 273.112, by January 1, 1994.

Sections 16 and 18 are effective for assessment year 1994 and subsequent years.

Section 20 is effective for taxes payable in 1995 and thereafter.

Section 28 is effective for taxes payable in 1994 and thereafter.

Section 29 is effective for the 1991 assessment and thereafter, for taxes payable in 1992 and thereafter. For taxes payable in 1992 and 1993, any amounts paid by the property owner in excess of the amounts required by section 29 shall be paid by the county treasurer to the property owner under the abatement procedures.

Section 31 is effective for applications for reductions or abatements filed after the day of final enactment.

Section 33 is effective for assessments certified after July 1, 1993.

Section 40 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Duluth.

Section 43, clause (c) is repealed effective January 2, 1993, provided that any improvements made prior to January 2, 1993, shall continue to qualify for the delayed assessment provisions under section 383C.78 for the duration of the period provided in that section.

Sec. 37. Laws 1994, chapter 587, article 9, section 10, subdivision 6, is amended to read:

Subd. 6. [EFFECTIVE DATE.] ~~This section~~ (a) Laws 1994, chapter 587, article 9, section 10, is effective in any of the following cities or towns the day after compliance by the governing body of a city or town with Minnesota Statutes, section 645.021, subdivision 3: the cities of Nashwauk, Keewatin, Marble, Taconite, and Calumet, and the towns of Feely, Goodland, Iron Range, Greenway, Lone Pine, Lawrence, Nashwauk, Balsam, and Bearville ~~the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each. This section.~~ Laws 1994, chapter 587, article 9, section 10, is effective for unorganized territories described in subdivision 1, paragraph (a), clauses (12) to (18), the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Itasca county board.

(b) Notwithstanding the time limitations for filing local approval under Minnesota Statutes, section 645.021, subdivision 3, the certificate of approval of any of the cities, towns, or counties named in this subdivision may be filed with the secretary of state at any time after May 6, 1994, and the law approved by the certificate is then effective as to the certifying city, town, or unorganized territory.

Sec. 38. Laws 1994, chapter 587, article 5, section 27, is amended as follows:

Sec. 27. [RENTAL TAX EQUITY; SAINT PAUL PILOT PROJECT.]

Subdivision 1. [PILOT; TERM.] A pilot project for rental tax equity in the city of Saint Paul is established. The program is for property taxes payable in 1995 and 1996. The program is available to owners of single- and two-family nonhomestead property.

Subd. 2. [PRIMARY OBJECTIVE.] The pilot project's primary objective is to ~~help stabilize costs for the conscientious, industrious landlord who is already providing safe, decent, and affordable housing. The property tax reduction provided by the program is intended to~~ give an incentive to ~~other~~ landlords to improve their tenant-occupied property and still offer affordable housing.

Subd. 3. [PROPERTY TAX TREATMENT.] (a) Single- and two-family nonhomestead property located in the city of Saint Paul and existing on the effective date of this section, that is classified under Minnesota Statutes, section 273.13, subdivision 25, paragraph (b), clause (1), and that meets the requirements of this section, is eligible for the property tax credit under subdivision 8.

(b) The program is not a housing or building code enforcement program.

(c) Participation in the program is voluntary.

(d) If reimbursements under subdivision 8 limit the number of participants in this program, priority shall be given to landlords who live in the city of Saint Paul.

Subd. 4. [NOTIFICATION TO OWNERS.] The city of Saint Paul shall notify the owner of each single- and two-family nonhomestead property located in the city that the property may be eligible to receive a property tax credit as provided in this section.

Subd. 5. [PROGRAM STEPS.] (a) A landlord who owns eligible property and who wishes to participate must arrange for a certified evaluator who is licensed by the city of Saint Paul to evaluate the property.

(b) The landlord must notify the tenant of the evaluation so that the tenant may be present if the tenant wishes.

(c) The evaluator must evaluate the property using program guidelines adopted by resolution of the Saint Paul city council prior to implementation of the program under this section.

(d) ~~If the evaluator determines that repairs are necessary, the landlord must make the repairs and call for a reinspection by the evaluator.~~ To receive the property tax credit under subdivision 9, the evaluator must have determined that repairs were necessary, and the landlord must make the repairs and call for a reinspection by the evaluator.

If the evaluator identifies life or safety hazards, the evaluator must notify appropriate city officials, who shall take immediate action to require and enforce repair of the life or safety hazard items.

(e) The evaluator must reinspect the property to see if the program guidelines have been followed.

(f) The evaluator must submit a report on the property's evaluation to the appropriate city officials, the landlord, and the tenant. A filing fee must be paid at the time the report is submitted to the city.

(g) Appropriate city officials must review the report and approve it or issue orders for further repair. In so doing, city staff members may make an on-site review. The landlord may withdraw from the program at any time without making required repairs except those for life or safety hazards, which may be otherwise required. Property for which the evaluator's report is approved must be certified by the appropriate city officials to the county assessor. The city must limit the number of qualifying properties so that the credit payable under subdivision 8 will not, in the city's estimate, exceed $1,000,000.

(h) A landlord who chooses to participate must complete an application for certification by November 1, 1994, for taxes payable in 1995 and by September 1, 1995, for taxes payable in 1996.

(i) An owner may apply this program to no more than two nonhomestead, single- or two-family, tenant-occupied properties.

Subd. 6. [APPEALS.] (a) The board of equalization must serve as a board of review to hear appeals relating to the value of improvements and properties. Procedures for board actions and for appeals from board decisions are as provided for other matters decided by the board of equalization.

(b) The city may appoint a board of appeals to hear disputes regarding qualification. The board shall meet to hear appeals under this program between November 1 and December 1, 1994, for appeals for taxes payable in 1995 and between November 1 and December 1, 1995, for appeals for taxes payable in 1996.

Subd. 7. [CITY FEES.] The landlord must pay the housing evaluator a fee, as determined by the city, for the initial inspection and necessary reinspections. The evaluator must pay a filing fee, as determined by the city, to file the evaluator's report. The evaluator may be reimbursed by the landlord for this fee. The landlord must pay the city a fee, as determined by the city, to apply for recertification. If additional inspections are required, a reinspection fee, as determined by the city, must be paid by the landlord.

Subd. 8. [CREDIT AND REIMBURSEMENT.] (a) [CREDIT PROVIDED.] Property that meets the requirements under this section is eligible for a property tax credit equal to the difference between (1) the tax on the property and (2) the tax that would be payable if the property were classified under Minnesota Statutes, section 273.13, subdivision 22, paragraph (a).

(b) [PROPERTY TAX STATEMENTS.] The property tax statement provided under Minnesota Statutes, section 276.04, to an owner of property that receives the credit under this subdivision shall include information on the amount of the credit given to the property. The Ramsey county treasurer shall notify the commissioner of revenue on how the county plans to modify the property tax statements to include the necessary information.

(c) [GENERAL FUND; REPLACEMENT OF REVENUE.] Payment from the general fund

shall be made as provided in this subdivision for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this subdivision.

The Ramsey county auditor shall certify to the commissioner of revenue the amount of reduction resulting from this subdivision. This certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of Minnesota Statutes, section 275.29. The commissioner of revenue shall review the certification to determine its accuracy and make changes in the certification as necessary or return the certification to the county auditor for corrections.

Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall determine the taxing district distribution of the amounts certified. The commissioner of revenue shall pay to each taxing district, other than school districts, its total payment for the year at the times provided in Minnesota Statutes, section 473H.10. The credit reimbursement to school districts must be certified to the commissioner of education and paid as provided under Minnesota Statutes, section 273.1392.

The reimbursement paid under this subdivision shall be made ~~only~~ in 1995 and in 1996, and is limited to a total amount of $1,000,000 for the two years. To the extent the amount of credit originally certified exceeds $1,000,000, reimbursements to the taxing districts shall be prorated according to the proportions of their levies so as not to exceed $1,000,000.

Any amount remaining of the $1,000,000 total appropriation, after the reimbursement for taxes payable in 1995 have been paid, is available for taxes payable in 1996 provided, however, that the total amount available for both taxes payable in 1995 and 1996 shall not exceed the total $1,000,000 appropriation for both years.

Subd. 9. [REPORT TO THE LEGISLATURE.] By January 15, 1995, and by January 15, 1996, the Saint Paul city council shall provide a report to the committee on housing and the committee on taxes and tax laws of the senate and the housing committee and the tax committee of the house of representatives on the program. The report must include the program guidelines, housing costs, rents and the extent of participation in the program for the 1995 tax year and 1996 tax year, respectively.

Subd. 10. [EFFECTIVE DATE.] This section is effective the day following final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Saint Paul, and applies to property taxes payable in 1995 and in 1996 on nonhomestead, single- and two-family rental properties existing on the effective date.

Sec. 39. [CITY OF ROSEVILLE; ESTABLISHMENT OF SPECIAL SERVICE DISTRICTS.]

Subdivision 1. [DEFINITIONS.] (a) For the purpose of this section, the terms defined have the meanings given them.

(b) "City" means the city of Roseville.

(c) "Special services" means:

(1) all services rendered or contracted for by the city, including the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) maintenance of landscape and streetscape improvements installed by the city; and

(3) any other service provided to the public by the city as authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF DISTRICTS.] The governing body of the city of Roseville may adopt ordinances establishing special service districts. The provisions of Minnesota Statutes, chapter 428A, govern the establishment and operation of special service districts in the city.

Subd. 3. [EFFECTIVE DATE.] This section is effective the day following final enactment, after the governing body of the city of Roseville complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 40. [TAX-EXEMPT PROPERTY; EXCEPTION TO TIME REQUIREMENT.]

Subdivision 1. [EXCEPTION TO TIME REQUIREMENT.] Notwithstanding the time requirements of Minnesota Statutes, section 272.02, subdivision 4, paragraph (b), for taxes levied in 1991, payable in 1992, the governing body of a county that has a population exceeding 700,000 according to the most recent federal decennial census may grant a property tax exemption for property that (1) meets the requirements of exempt property under Minnesota Statutes, section 272.02, subdivision 4, paragraph (b), except for the July 1 date; (2) was an athletic facility classified as class 3 commercial and industrial property on January 2, 1991; and (3) was acquired during 1991 by a church.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective the day following final enactment, and applies to property taxes levied in 1991, payable in 1992, only.

Sec. 41. [CITY OF ST. LOUIS PARK; ESTABLISHMENT OF SPECIAL SERVICE DISTRICTS.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, the terms defined have the meanings given them.

(b) "City" means the city of St. Louis Park.

(c) "Special services" means:

(1) all services rendered or contracted for by the city, including the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) maintenance of landscape and streetscape improvements installed by the city; and

(3) any other service provided to the public by the city as authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF DISTRICTS.] The governing body of the city of St. Louis Park may adopt ordinances establishing special service districts. The provisions of Minnesota Statutes, chapter 428A, govern the establishment and operation of special service districts in the city.

Subd. 3. [LOCAL APPROVAL.] This section is effective the day following final enactment, after the governing body of the city of St. Louis Park complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 42. [CITY OF RICHFIELD; FORMATION OF NONPROFIT HOUSING CORPORATIONS.]

Subdivision 1. [FORMATION OF NONPROFIT HOUSING CORPORATIONS.] The housing and redevelopment authority of the city of Richfield may form or consent to the formation of one or more corporations under Minnesota Statutes, chapter 317A, for the purpose of owning and operating housing developments financed with mortgages insured by the Federal Housing Administration of the United States Department of Housing and Urban Development to be occupied by low- and moderate-income persons and families.

Subd. 2. [CONTROL BY AUTHORITY.] The authority shall be a member of each corporation, and the members of the board of directors of each corporation shall be members or employees of the authority. The authority may capitalize a corporation and may acquire all or a part of the corporation's share or member certificates. The authority shall approve a corporation's articles of incorporation and bylaws, directors, projects, and expenditures, the sale or conveyance of projects, the issuance of obligations, and such other actions of a corporation as the authority may determine. The authority shall take title to property of a corporation upon its dissolution.

Subd. 3. [ISSUANCE OF BONDS.] A nonprofit corporation authorized to be formed under subdivision 1 may issue bonds for the purpose of financing the acquisition and operation of multifamily housing developments, in furtherance of the public purpose of provision of low- and moderate-income housing. The bonds shall be payable solely from the revenues of the

developments and shall be issued upon such terms as the corporation shall determine, with the consent of the authority.

Subd. 4. [PROPERTY TAX EXEMPTION.] Property owned by a nonprofit corporation authorized to be formed under subdivision 1 shall be treated as public property exclusively used for a public purpose under Minnesota Statutes, section 272.02, subdivision 1.

Subd. 5. [EFFECTIVE DATE.] This section is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city council of the city of Richfield.

Sec. 43. [RENTAL TAX EQUITY; BROOKLYN PARK PILOT PROJECT; PAYABLE 1996 ONLY.]

Subdivision 1. [PILOT; TERM.] A pilot project for rental tax equity in the city of Brooklyn Park is established. The program is for property taxes payable in 1996 only. The program is available to owners of residential rental property.

Subd. 2. [PRIMARY OBJECTIVE.] The pilot project's primary objective is to give an incentive to landlords to improve their tenant-occupied property and still offer affordable housing.

Subd. 3. [DEFINITION; RESIDENTIAL RENTAL PROPERTY.] For the purposes of this section, "residential rental property" means privately owned property classified under section 273.13, subdivision 25, paragraph (a) or (b)(1), that is ten or more years old.

Subd. 4. [PROPERTY TAX TREATMENT.] (a) Residential rental property located in the city of Brooklyn Park that meets the requirements of this section, is eligible for the property tax credit under subdivision 9.

(b) The program is not a housing or building code enforcement program.

(c) Participation in the program is voluntary.

Subd. 5. [NOTIFICATION TO OWNERS.] The city of Brooklyn Park shall notify the owner of each residential rental property located in the city that the property may be eligible to receive a property tax credit as provided in this section.

Subd. 6. [PROGRAM STEPS.] (a) The Brooklyn Park city council shall adopt by resolution guidelines for implementation of the program under this section.

(b) A landlord who owns eligible property and who wishes to participate must arrange for a certified evaluator who is licensed by the city of Brooklyn Park to evaluate the property.

(c) The landlord must notify the tenant of the evaluation so that the tenant may be present if the tenant wishes.

(d) The evaluator must evaluate the property using program guidelines adopted by resolution of the Brooklyn Park city council prior to implementation of the program under this section.

(e) To receive the property tax credit under subdivision 9, the evaluator must have determined that repairs were necessary, and the landlord must make the repairs and call for a reinspection by the evaluator. If the evaluator identifies life or safety hazards, the evaluator must notify appropriate city officials, who shall take immediate action to require and enforce repair of the life or safety hazard items.

(f) The evaluator must reinspect the property to see if the program guidelines have been followed.

(g) The evaluator must submit a report on the property's evaluation to the appropriate city officials, the landlord, and the tenant. A filing fee must be paid at the time the report is submitted to the city.

(h) Appropriate city officials must review the report and approve it or issue orders for further repair. In so doing, city staff members may make an on-site review. The landlord may withdraw from the program at any time without making required repairs except those for life or safety

hazards, which may be otherwise required. Property for which the evaluator's report is approved must be certified by the appropriate city officials to the county assessor. The city must limit the number of qualifying properties so that the credit payable under subdivision 9 will not, in the city's estimate, exceed $350,000.

(i) A landlord who chooses to participate must complete an application for certification by November 1, 1995 for credit payable in 1996.

Subd. 7. [APPEALS.] (a) The board of equalization must serve as a board of review to hear appeals relating to the value of improvements and properties. Procedures for board actions and for appeals from board decisions are as provided for other matters decided by the board of equalization.

(b) The city may appoint a board of appeals to hear disputes regarding qualification. The board shall meet to hear appeals under this program between November 1 and December 1, 1995.

Subd. 8. [CITY FEES.] The landlord must pay the housing evaluator a fee, as determined by the city, for the initial inspection and necessary reinspections. The evaluator must pay a filing fee, as determined by the city, to file the evaluator's report. The evaluator may be reimbursed by the landlord for this fee. The landlord must pay the city a fee, as determined by the city, to apply for recertification. If additional inspections are required, a reinspection fee, as determined by the city, must be paid by the landlord.

Subd. 9. [CREDIT AND REIMBURSEMENT.] (a) [CREDIT PROVIDED.] Property that meets the requirements of this section is eligible for a property tax credit equal to the difference between (1) the tax on the property and (2) the tax that would be payable if the property were classified under Minnesota Statutes, section 273.13, subdivision 22, paragraph (a). For the purposes of determining the tax that would be payable if the property were classified under section 273.13, subdivision 22, paragraph (a), the first $72,000 of market value shall be applied to the parcel as a whole.

(b) [PROPERTY TAX STATEMENTS.] The property tax statement provided under Minnesota Statutes, section 276.04, to an owner of property that receives the credit under this subdivision shall include information on the amount of the credit given to the property. The Hennepin county treasurer shall notify the commissioner of revenue on how the county plans to modify the property tax statements to include the necessary information.

(c) [GENERAL FUND; REPLACEMENT OF REVENUE.] Payment from the general fund shall be made as provided in this subdivision for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this subdivision.

The Hennepin county auditor shall certify to the commissioner of revenue the amount of reduction resulting from this subdivision. This certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of Minnesota Statutes, section 275.29. The commissioner of revenue shall review the certification to determine its accuracy and make changes in the certification as necessary or return the certification to the county auditor for corrections.

Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall determine the taxing district distribution of the amounts certified. The commissioner of revenue shall pay to each taxing district, other than school districts, its total payment for the year at the times provided in Minnesota Statutes, section 473H.10. The credit reimbursement to school districts must be certified to the commissioner of education and paid as provided under Minnesota Statutes, section 273.1392.

The reimbursement paid under this subdivision shall be made only in 1996, and is limited to $350,000. To the extent the amount of credit originally certified exceeds $350,000, reimbursements to the taxing districts shall be prorated according to the proportions of their levies so as not to exceed $350,000.

Subd. 10. [REPORT TO THE LEGISLATURE.] By January 15, 1997, the Brooklyn Park city council shall provide a report to the legislature as provided in Minnesota Statutes, section 3.195.

The council shall report to the committee on housing and the committee on taxes and tax laws of the senate, and the housing committee and the tax committee of the house of representatives on the program. The report must include the program guidelines, housing costs, rents, and the extent of participation in the program.

Subd. 11. [EFFECTIVE DATE.] This section is effective the day following final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Brooklyn Park, and applies to property taxes payable in 1996 on residential rental properties.

Sec. 44. [PROPERTY TAX REFUNDS; BROOKLYN PARK RENTAL EQUITY PARTICIPANTS.]

Notwithstanding Minnesota Statutes, section 290A.03, subdivision 11, for purposes of calculating a claimant's property tax refund, in the case of a claimant who resides in a unit certified for participation in the rental equity project under section 43, the claimant's "rent constituting property taxes paid" for property taxes payable in 1996 only shall be 20 percent of gross rent actually paid in cash or its equivalent.

An owner or managing agent of a unit certified for participation in the rental equity project shall indicate that the unit was certified for participation on the rent certificate prescribed in Minnesota Statutes, section 290A.19, paragraph (a). In the event that the owner or managing agent fails to provide a rent certificate and the renter obtains a statement from the county treasurer, as prescribed in Minnesota Statutes, section 290A.19, paragraph (c), the county treasurer shall also indicate on the statement if the building was certified for participation in the rental equity project.

Sec. 45. [PROPERTY TAX REFUNDS; ST. PAUL RENTAL EQUITY PARTICIPANTS.]

Notwithstanding Minnesota Statutes, section 290A.03, subdivision 11, for purposes of calculating a claimant's property tax refund, in the case of a claimant who resides in a unit certified for participation in the St. Paul rental equity program under section 38, the claimant's "rent constituting property taxes paid" for property taxes payable in 1996 only shall be 20 percent of gross rent actually paid in cash or its equivalent.

An owner or managing agent of a unit certified for participation in the rental equity project shall indicate that the unit was certified for participation on the rent certificate prescribed in Minnesota Statutes, section 290A.19, paragraph (a). In the event that the owner or managing agent fails to provide a rent certificate and the renter obtains a statement from the county treasurer, as prescribed in Minnesota Statutes, section 290A.19, paragraph (c), the county treasurer shall also indicate on the statement if the building was certified for participation in the rental equity project.

Sec. 46. [STUDY OF APARTMENT PROPERTY TAX RELIEF.]

The commissioner of revenue, with the assistance of the executive director of the Minnesota housing finance agency, shall conduct a study on alternative methods of providing incentives to improve the stock of rental housing throughout the state.

(a) The study must specifically consider the following proposal as if it were in effect for property taxes payable in 1998: Provide a two percent class rate for five assessment years on the market value of improvements made to class 4a apartment property if (i) the assessor's estimated market value of the improvements is at least 20 percent of the total estimated market value of the property, and (ii) the building is at least 25 years old. For purposes of this paragraph, "improvements" shall exclude adding square footage or amenities to the building.

(b) The study should also consider other policy alternatives that could be considered by the legislature in trying to encourage improvements to deteriorating apartment properties throughout the state.

(c) The study must include an analysis of the administrative feasibility, policy implications, and state and local fiscal impacts of the specific proposal described in paragraph (a), the St. Paul and Brooklyn Park rental equity programs and any other options resulting from paragraph (b) alternatives.

(d) On or before February 15, 1996, the commissioner shall report the findings of the study to

the chairs of the House and the Senate Tax Committees, along with recommendations that would facilitate administration and improve the effectiveness of the proposal described in paragraph (a) and any other options considered.

Sec. 47. [STEARNS COUNTY; REFUND OF PURCHASE PRICE.]

Subdivision 1. [REFUND OF PURCHASE PRICE.] The governing body of Stearns county shall refund to the city of Melrose a portion of the amount paid by the city for the purchase on October 28, 1994, of property designated as PIN No. 66: 36648.000, located in the city of Melrose. The amount of the refund must equal the taxes, penalties, and interest paid on that property for taxes payable years 1990 and 1991.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective the day following final enactment, after the Stearns county board complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 48. [COMPUTATION OF TAX RATES.]

In computing the basic transportation tax rate under Minnesota Statutes, section 124.226, subdivision 1, and the general education tax rate under Minnesota Statutes, section 124A.23, subdivision 1, the commissioner shall, notwithstanding Minnesota Statutes, section 124.2131, subdivision 1, use adjusted net tax capacities that do not reflect the class rate reductions for seasonal residential recreational property not used for commercial purposes, in section 10. Notwithstanding the dollar amounts specified in Minnesota Statutes, section 124.226, subdivision 1, and section 124A.23, subdivision 1, the resulting rate shall be applied to the adjusted net tax capacities as computed under Minnesota Statutes, section 124.2131, for purposes of determining the basic transportation levy under Minnesota Statutes, section 124.226, subdivision 1, and the general education levy under Minnesota Statutes, section 124A.23, subdivision 2. The equalizing factor under Minnesota Statutes, section 124A.02, shall be computed using the tax rate computed under this section.

Sec. 49. [WIND ENERGY; UPDATED OFFERS.]

The remaining companies after April 1, 1995, that are seeking to fulfill the wind generation requirements of Minnesota Statutes, section 116C.771, paragraph (b), through the competitive bidding process under Minnesota Statutes, section 216B.2422, subdivision 5, shall be permitted to update their offers to account for changes in the property tax treatment of wind energy conversion system property contained in 1995 H. F. No. 1864, if enacted. The public utility shall notify each of the remaining companies in writing of this provision and shall establish a schedule for updated offers. The public utilities commission shall not approve a contract until the public utility has demonstrated to the commission's satisfaction that it has provided the opportunity to each of the remaining companies to submit an updated bid.

Sec. 50. [APPROPRIATION.]

$350,000 is appropriated from the general fund to the commissioner of revenue for the biennium ending June 30, 1997, for purposes of the Brooklyn Park Rent Equity Program under section 43.

Sec. 51. [REPEALER.]

(a) Minnesota Statutes 1994, section 168.013, subdivision lj, is repealed.

(b) Minnesota Statutes 1994, section 245.48, is repealed.

Sec. 52. [EFFECTIVE DATE.]

Sections 1, 2, and 36 are effective for the 1995 levy and thereafter, for taxes payable in 1996 and thereafter. Sections 3 and 13 are effective for taxes payable in 1997 and thereafter. Sections 4, 7, 8, 12, 17, and 18 are effective for the 1995 assessment and thereafter, payable in 1996 and thereafter, provided that the provisions of section 7 restricting homestead classification for seasonal recreational residential property apply to taxes payable in 1996 and thereafter regardless of the date of occupancy of the property or the date of filing of an application for homestead classification by the relative of the owner. Section 5 is effective for the 1996 assessment and

thereafter. Sections 9 and 27 are effective for the 1997 assessment and thereafter, for taxes payable in 1998 and thereafter. Sections 14 and 15 are effective for notices and tax statements prepared in 1995 and thereafter, for taxes payable in 1996 and thereafter. Sections 19 and 20 are effective for taxes levied in 1995, payable in 1996, and thereafter. Sections 21, 26, 38, and 46 are effective the day following final enactment. Sections 22 to 25 are effective for refunds based on property taxes paid in 1997 and thereafter, and for rent paid in 1996 and thereafter. Sections 29 to 31 are effective the day after the governing body of Duluth complies with Minnesota Statutes, section 645.021, subdivision 3. Sections 32 to 34 are effective the day after the governing body of Thief River Falls complies with Minnesota Statutes, section 645.021, subdivision 3. Section 35 is effective the day after the governing body of the city of Duluth complies with Minnesota Statutes, section 645.021, subdivision 3. Section 48 is effective for school aids payable in fiscal years 1998 and thereafter. Section 51, paragraph (a), is effective beginning January 1, 1997.

ARTICLE 4

PROPERTY TAX REFUND AS DEDUCTION ON TAX STATEMENT

Section 1. Minnesota Statutes 1994, section 270A.03, subdivision 7, is amended to read:

Subd. 7. [REFUND.] "Refund" means an individual income tax refund or political contribution refund~~,~~ pursuant to chapter 290~~,~~; or a property tax credit or refund~~,~~ pursuant to chapter 290A, other than a refund which has been certified to or calculated by the county auditor under section 276.012.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse.

Sec. 2. Minnesota Statutes 1994, section 270B.12, is amended by adding a subdivision to read:

Subd. 11. [PROPERTY TAX REFUNDS.] The commissioner may disclose to a county auditor and treasurer, and to their designated agents or employees, the property tax refund amounts for each parcel of homestead property in the county as determined by the commissioner under chapter 290A.

Sec. 3. Minnesota Statutes 1994, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

(c) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and social security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse

who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property owner's spouse does not occupy the homestead because marriage dissolution proceedings are pending, the spouses are legally separated, or the spouse's employment or self-employment location requires the spouse to have a separate homestead. The assessor may require proof of employment or self-employment and employment or self-employment location, or proof of dissolution proceedings or legal separation.

If the social security number or affidavit or other proof is not provided, the county assessor shall classify the property as nonhomestead.

The social security numbers or affidavits or other proofs of the property owners and spouses are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the revenue recapture act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The social security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, or any assessment year thereafter, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. Beginning with assessment year 1993 for all properties, If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the

county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, ~~and~~ the supplemental homestead credit under section 273.1391, and the property tax refunds under chapter 290A deducted on the property tax statement.

The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes. In the case of a manufactured home, the amount shall be certified to the current year's tax list for collection.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to property tax refunds reimbursed to the county by the state shall be paid to the commissioner of revenue for deposit in the fund from which it was paid. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 4. Minnesota Statutes 1994, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year and, for a town, the amount of its final levy. It must clearly state that each taxing authority, including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. The notice must include the estimated percentage increase in Minnesota personal income, provided by the commissioner of revenue under section 275.064, in a way to facilitate comparison of the proposed budget and levy increases with the increase in personal income. For 1993, the notice must clearly state that each taxing authority holding a public meeting will describe the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and the proposed budget year.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for

computing property taxes payable in the following year and for taxes payable in the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district excess referenda levy, remaining school district levy, regional library district, if in existence, the total of the metropolitan special taxing districts as defined in paragraph (i) and the sum of the remaining special taxing districts, and as a total of the taxing authorities, including all special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year, including separate deductions for the property tax refunds under section 290A.04, subdivisions 2 and 2h, and the actual tax for taxes payable the current year, including separate deductions for the property tax refunds under section 290A.04, subdivisions 2 and 2h. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referendums, including those taxes based on net tax capacity as well as those based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. In the case of the city of Minneapolis, the levy for the Minneapolis library board and the levy for Minneapolis park and recreation shall be listed separately from the remaining amount of the city's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(e) The notice must clearly state that the proposed or final taxes do not include the following and that these items may increase the proposed tax shown on the notice:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) the contamination tax imposed on properties which received market value reductions for contamination.

The notice must state that the deduction for a property tax refund under section 290A.04, subdivision 2h, is contingent upon continuity in ownership of the property.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672; and

(3) metropolitan mosquito control commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 5. [276.012] [COMPUTATION AND ADMINISTRATION OF PROPERTY TAX REFUNDS.]

(a) On or before October 1 each year, the commissioner of revenue shall certify to the county auditor the property tax refund amount under section 290A.04, subdivision 2, for each parcel of homestead property as defined in section 290A.03, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that qualifies for a refund relating to taxes payable in the current year.

(b) The county auditor shall compute the refund for purposes of the proposed property tax notice for each parcel of homestead property as defined in section 290A.03, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that may qualify for a refund under section 290A.04, subdivision 2h, for taxes payable in the subsequent year.

(c) After certification of the levies by taxing districts under section 275.07, the county auditor shall compute the refund for each parcel of homestead property as defined in section 290A.03, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that qualifies for a refund under section 290A.04, subdivision 2h, for taxes payable in the current year.

(d) The county auditor shall separately certify the amounts in paragraphs (a) and (c) to the county treasurer who shall reflect the amounts as property tax deductions on the property tax statement under section 276.04 for taxes payable in the current year, provided that to receive the refunds, the property must be classified as homestead property under section 273.13 for taxes payable in the year the refund is payable.

(e) The county auditor shall annually separately certify the costs of the property tax refunds under section 290A.04, subdivisions 2 and 2h, to the department of revenue with the abstract of tax lists under section 275.29.

Sec. 6. Minnesota Statutes 1994, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain the parcel identification number and a county identification number as specified by the commissioner. The statement must contain the qualifying tax amount to be used by the taxpayer in claiming a property tax refund under section 290A.04, subdivision 2, in the form and location determined by the commissioner of revenue. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality, the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), school district excess

referenda levy, remaining school district levy, and the total of other voter approved referenda levies based on market value under section 275.61 must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referenda, including those taxes based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value under section 273.11, subdivision 1;

(2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;

(3) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

(4) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(5) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(6) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; ~~and~~

(7) the net tax payable in the manner required in paragraph (a)~~.~~;

(8) for eligible homestead properties, the property tax refunds under section 290A.04, subdivisions 2 and 2h, if any, shown separately as deductions on the statement; and

(9) the tax after deduction of the property tax refunds under clause (8).

(d) The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. ~~In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter,~~ The commissioner must certify this amount by September 1.

Sec. 7. Minnesota Statutes 1994, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

On the later of May 20 of each year or 26 calendar days after the postmark date on the envelopes containing real or personal property tax statements, the county treasurer shall make full settlement with the county auditor of all receipts collected for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after the settlement, send an abstract of it to the state auditor in the form prescribed by the state auditor. At the settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.

Settlement of receipts from the later of May 20 or the actual settlement date to December 31 of each year must be made as provided in section 276.111.

For purposes of this section, "receipts" includes all tax payments received by the county treasurer on or before the settlement date and all property tax refunds paid to the county treasurer under section 290A.07.

Sec. 8. Minnesota Statutes 1994, section 276.111, is amended to read:

276.111 [DISTRIBUTIONS AND FINAL YEAR-END SETTLEMENT.]

Within 14 business days after July 20, the county treasurer shall pay to each taxing district 100 percent of the estimated collections arising from taxes levied by and belonging to the taxing district from the settlement day determined in section 276.09 to July 25.

Within seven business days after October 15, the county treasurer shall pay to the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district from ~~the settlement day determined in section 276.09~~ July 25 to October 20. The remaining 50 percent of the estimated tax collections must be paid to the school district within the next seven business days. Within ten business days after November 15, the county treasurer shall pay to the school district 100 percent of the estimated collections arising from taxes levied by and belonging to the school districts from October 20 to November 20.

Within ten business days after November 15, the county treasurer shall pay to each taxing district, except any school district, 100 percent of the estimated collections arising from taxes levied by and belonging to each taxing district from ~~the settlement day determined in section 276.09~~ July 25 to November 20.

On or before January 5, the county treasurer shall make full settlement with the county auditor of all receipts collected from the settlement day determined in section 276.09 to December 31. After subtracting any tax distributions that have been made to the taxing districts in July, October, and November, the treasurer shall pay to each of the taxing districts on or before January 25, the balance of the tax amounts collected on behalf of each taxing district. Interest accrues at an annual rate of eight percent and must be paid to the taxing district if this final settlement amount is not paid by January 25. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district in a civil action.

Sec. 9. Minnesota Statutes 1994, section 289A.60, subdivision 12, is amended to read:

Subd. 12. [PENALTIES RELATING TO PROPERTY TAX REFUNDS.] (a) If the commissioner determines that a property tax refund claim is or was excessive and was filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the amount disallowed may be recovered by assessment and collection.

(b) If it is determined that a property tax refund claim is excessive and was negligently prepared, ten percent of the corrected claim must be disallowed. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(c) An owner or managing agent who knowingly fails to give a certificate of rent constituting property tax to a renter, as required by section 290A.19, paragraph (a), is liable to the commissioner for a penalty of $100 for each failure.

(d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) $100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

(e) No property tax refund claim based on rent paid, or on property taxes payable in the case of a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), is allowed if the initial claim is filed more than one year after the original due date for filing the claim.

(f) Except as provided in paragraph (e), no property tax refund claim based on property taxes payable filed after the original due date for filing the claim may be paid. No extensions of time for filing may be granted.

Sec. 10. Minnesota Statutes 1994, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead ~~before reductions made under section 273.13 but~~ after deductions made under sections 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year other than property tax refunds determined under chapter 290A. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes ~~as defined in section 274.19, subdivision 8~~ assessed under section 273.125, subdivision 8, paragraph (c), "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year ~~in which the tax is payable~~ to which the "property taxes payable" used in computing the refund relate, and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before ~~December~~ August 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

No refunds under section 290A.04, subdivision 2 or 2h, may be deducted on the property tax statement unless the property is classified as homestead property for taxes payable in the year the property tax refund is paid.

Sec. 11. Minnesota Statutes 1994, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 12 percent over the net property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is $100 or more ~~for taxes payable in 1995 and 1996, a claimant who is~~, a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or $100 ~~for taxes payable in 1995 and 1996~~. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.

The maximum refund allowed under this subdivision is $1,000.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable minus refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

~~(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.~~

~~(d) On or before December 1, 1995, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in 1996. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1996 exceed $5,500,000, the commissioner shall first reduce the 60 percent refund rate enough, but to no lower a rate than 50 percent, so that the estimated total refund claims do not exceed $5,500,000. If the commissioner estimates that total claims will exceed $5,500,000 at a 50 percent refund rate, the commissioner shall also reduce the $1,000 maximum refund amount by enough so that total estimated refund claims do not exceed $5,500,000.~~

~~The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.~~

~~(e) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.~~

Sec. 12. [290A.055] [PUBLIC DATA; NOTICE ON CLAIM FORM.]

The property tax refund claim form must contain a statement notifying claimants that the property tax refund amount is public data, and that it will appear on the property tax statement and on other county records.

Sec. 13. Minnesota Statutes 1994, section 290A.07, is amended to read:

290A.07 [TIME ~~FOR~~ AND MANNER OF PAYMENT.]

Subdivision 1. [GENERAL FUND.] Allowable claims filed pursuant to the provisions of this chapter and the refund under section 290A.04, subdivision 2h, shall be paid by the commissioner from the general fund as provided in this section.

Subd. 2a. [PAYMENT TO CLAIMANT.] A claimant who is a renter or a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

Subd. 3. [PAYMENT ~~TO COUNTY TREASURER~~ AS DEDUCTION ON PROPERTY TAX STATEMENT.] ~~A claimant~~ In the case of property not included in subdivision 2a ~~shall receive full payment after September 15 and before September 30.~~, payment of a refund under section 290A.04, subdivision 2, is made as a deduction on the property tax statement for the homestead for taxes payable the following year, and payment of a refund under section 290A.04, subdivision 2h, is made as a deduction on the property tax statement for the homestead for taxes payable in the current year.

Subd. 4. [PAYMENT TO COUNTY TREASURER.] Annually on or before July 20, the commissioner shall pay the amount of the property tax refunds under section 290A.04, subdivisions 2 and 2h, certified by the county auditor under section 276.012, paragraph (e), to the county treasurer for settlement and distribution under sections 276.09 to 276.111.

Sec. 14. Minnesota Statutes 1994, section 290A.15, is amended to read:

290A.15 [CLAIM APPLIED AGAINST OUTSTANDING LIABILITY.]

The amount of any claim otherwise payable under this chapter may be applied by the commissioner against any delinquent tax liability of the claimant or spouse of the claimant payable to the department of revenue. This section does not apply to (1) refunds under section 290A.04, subdivision 2, that have been certified by the commissioner of revenue to the county auditor under section 276.012, or (2) refunds under section 290A.04, subdivision 2h, determined by the county auditor under section 276.012.

Sec. 15. Minnesota Statutes 1994, section 290A.18, is amended to read:

290A.18 [RIGHT TO FILE CLAIM; RIGHT TO RECEIVE CREDIT.]

Subdivision 1. [CLAIM BY SURVIVING SPOUSE OR DEPENDENT.] Except as provided in subdivision 3, if a person entitled to relief under this chapter dies prior to receiving relief, the surviving spouse or dependent of the person shall be entitled to file the claim and receive relief. If there is no surviving spouse or dependent, the right to the credit shall lapse.

Subd. 2. [CLAIMANT CANNOT BE LOCATED.] Except as provided in subdivision 3, if the commissioner cannot locate the claimant within two years from the date that the original warrant was issued, or if a claimant to whom a warrant has been issued does not cash that warrant within two years from the date the warrant was issued, the right to the credit shall lapse, and the warrant shall be deposited in the general fund.

Subd. 3. [RIGHT TO RECEIVE REFUND NOT PERSONAL TO CLAIMANT.] Property tax refunds under section 290A.04, subdivisions 2 and 2h, are paid as a deduction on the property tax statement of the property as provided in section 290A.07, subdivision 3. The right to receive the deduction is not personal to the claimant or to a surviving spouse or dependent of the claimant.

Sec. 16. [290A.26] [APPROPRIATION; COUNTY COSTS.]

$2,650,000 is appropriated for fiscal year 1998, and $2,370,000 is appropriated for fiscal year 1999, and each year thereafter, to the commissioner of revenue to pay counties for the costs of implementing and administering the property tax refunds for homeowners. The commissioner shall make the payments annually on July 20. The commissioner, after consultation with the Minnesota Association of County Officers, shall apportion the available appropriation among the counties.

Sec. 17. [1997 LEVY; TRUTH IN TAXATION NOTICE.]

For taxes payable in 1998 only, the notice of proposed property taxes under Minnesota Statutes, section 275.065, subdivision 3, shall state that beginning with property taxes payable in 1998, the homestead property tax refund calculated under Minnesota Statutes, section 290A.04, subdivision 2, and the special refund for property tax increases under Minnesota Statutes, section 290A.04, subdivision 2h, shall be paid as a deduction from the net tax on the property for all qualifying properties other than manufactured homes assessed under Minnesota Statutes, section 273.125, subdivision 8, paragraph (c). The notice shall clearly notify the taxpayer that these deductions are shown on the notice of proposed taxes for taxes payable in 1998, and that the actual tax for taxes payable in 1998 may be greater than the amount shown on the notice if the ownership or classification of the property changes before the refunds are paid. The commissioner of revenue shall prescribe the form and wording of the statement required in this section. The commissioner may prescribe that the statement be included with the notice of proposed property taxes as a separate addendum. At least five working days before distribution to the counties, the notice prescribed by the commissioner of revenue under this section must be submitted to the chairs of the senate committee on taxes and tax laws and the house tax committee for their advice and approval.

Sec. 18. [PROPERTY TAX REFUNDS FOR TAXES PAYABLE IN 1998; TRANSITION PROVISION.]

Notwithstanding the provisions of Minnesota Statutes, chapter 290A, or any other law to the

contrary, the property tax refund amounts under Minnesota Statutes, section 290A.04, subdivisions 2 and 2h, relating to property taxes payable in 1997, as paid by the commissioner to the claimants under Minnesota Statutes, section 290A.07, subdivision 3, shall be the amounts certified on October 1, 1997, by the commissioner of revenue to the county auditors. The refund amounts under Minnesota Statutes, section 290A.04, subdivision 2, are the amounts that the county auditor shall show as a deduction on the property tax statement for taxes payable in 1998. The county auditor shall calculate the amounts of the refund under Minnesota Statutes, section 290A.04, subdivision 2h, for taxes payable in 1998, and show that amount as a deduction on the 1998 property tax statement.

Sec. 19. [APPROPRIATION.]

$95,000 is appropriated for the fiscal year ending June 30, 1998, from the general fund in the state treasury to the commissioner of revenue for purposes of implementing and administering this article.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 to 15 are effective for property tax refunds payable as deductions on property tax statements in 1998 and thereafter.

ARTICLE 5

ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1994, section 124.2131, is amended by adding a subdivision to read:

Subd. 3a. [CAPTURED TAX CAPACITY ADJUSTMENT.] In calculating adjusted net tax capacity, the commissioner of revenue shall increase the adjusted net tax capacity of a school district containing a tax increment financing district for which an election is made under section 469.1782, subdivision 1, clause (1). The amount of the increase equals the captured net tax capacity of the tax increment financing district in the year preceding the first taxes payable year in which the special law permits collection beyond that permitted by the general law duration limit that otherwise would apply. The addition applies beginning for aid and levy for the first taxes payable year in which the special law permits collection of increment beyond that permitted by the general law duration limit that otherwise would apply. The addition continues to apply for each taxes payable year the district remains in effect.

Sec. 2. [270.0683] [REPORT ON THE EFFECT OF TAX INCENTIVES UPON THE NUMBER OF JOBS.]

On a biennial basis, the commissioner of trade and economic development shall analyze the effect of all business related tax reductions or waivers on the aggregate number of jobs created and wages paid in those new jobs. The commissioner of trade and economic development shall present the results of the analysis to the legislature.

Sec. 3. [270.0684] [GOALS FOR NEW TAX EXPENDITURES.]

Each newly enacted business related tax expenditure must include measurable goals for jobs and wages and require a biennial review conducted by the commissioner of trade and economic development for continuation based upon meeting those goals. The commissioner of trade and economic development shall report the results of the review to the legislature.

Sec. 4. Minnesota Statutes 1994, section 273.1399, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Qualifying captured net tax capacity" means the following amounts:

(1) The captured net tax capacity of a new or the expanded part of an existing economic development ~~or soils condition~~ tax increment financing district~~, other than a qualified manufacturing district~~, for which certification was requested after April 30, 1990~~;~~.

(2) ~~the captured net tax capacity of a qualified manufacturing district, multiplied by the following percentage based on the number of years that have elapsed since the assessment year of the original net tax capacity. In no case may the final amounts be less than zero or greater than the total captured net tax capacity of the district:~~

~~Number of Years~~	~~Percentage~~
~~1~~	~~0~~
~~2~~	~~20~~
~~3~~	~~40~~
~~4~~	~~60~~
~~5~~	~~80~~
~~6 or more~~	~~100;~~

~~(3)~~ The captured net tax capacity of a new or the expanded part of an existing tax increment financing district, other than ~~a qualified housing district, qualified hazardous substance subdistrict, or~~ an economic development ~~or soils condition~~ district, for which certification was requested after April 30, 1990, multiplied by the following percentage based on the number of years that have elapsed since the assessment year of the original net tax capacity. In no case may the final amounts be less than zero or greater than the total captured net tax capacity of the district.

Number of years	Renewal and Renovation Districts	All other Districts
0 to 5	0	0
6	12.5	6.25
7	25	12.5
8	37.5	18.75
9	50	25
10	62.5	31.25
11	75	37.5
12	87.5	43.75
13	100	50
14	100	56.25
15	100	62.5
16	100	68.75
17	100	75
18	100	81.25
19	100	87.5
20	100	93.75
21 or more	100	100

~~In the case of~~ (3) The following rules apply to a hazardous substance subdistrict~~,~~. The applicable percentage under clause (2) must be determined under the "all other districts" category. The number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured net tax capacity resulting from the reduction in the subdistrict's or site's original net tax capacity. After termination of the overlying district, captured net tax capacity includes the full amount that is captured by the subdistrict.

(4) Qualified captured tax capacity does not include the captured tax capacity of exempt districts under subdivisions 6 and 7.

(b) The terms defined in section 469.174 have the meanings given in that section.

(c) ~~"Qualified manufacturing district" means an economic development district that qualifies under section 469.176, subdivision 4c, paragraph (a), without regard to clauses (2) and (5), for which certification was requested after June 30, 1991, located in a home rule charter or statutory city that has a population under 10,000 according to the last federal census.~~

~~(d)~~ "Qualified housing district" means a housing district for a residential rental project or projects in which the only properties receiving assistance from revenues derived from tax

increments from the district meet all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1992, regardless of whether the project actually receives a low-income housing credit.

~~(e) "Qualified hazardous substance subdistrict" means a hazardous substance subdistrict in which the municipality has made an election to make an alternative local contribution as provided under section 469.175, subdivision 7a.~~

Sec. 5. Minnesota Statutes 1994, section 273.1399, subdivision 2, is amended to read:

Subd. 2. [REPORTING.] ~~The county auditor shall calculate the qualifying captured net tax capacity amount for each municipal part of each school district in the county and report the amounts to the commissioner of revenue at the time and in the manner prescribed by the commissioner.~~ (a) The commissioner of revenue shall use the retained captured value, tax increment, and other information reported in the abstract of tax lists supplement in administering the provisions of this section.

(b) Each tax increment authority or municipality must by March 15 of each year submit to the commissioner of revenue a report on local contributions made to each tax increment district in the preceding year. The commissioner shall prescribe the form and content of the report, including the sources and amounts of contributions and any other information the commissioner requires. Submission of a local contribution report is required for a tax increment district to be exempt from the aid reduction provisions of this section.

Sec. 6. Minnesota Statutes 1994, section 273.1399, subdivision 6, is amended to read:

Subd. 6. [~~EXEMPTION; ETHANOL PROJECTS~~ EXEMPT DISTRICTS.] (a) The provisions of this section do not apply to exempt tax increment financing districts as specified by this subdivision.

(b) A tax increment financing district for an ethanol production facility that satisfies all of the following requirements is exempt:

(1) The district is an economic development district, that qualifies under section 469.176, subdivision 4c, paragraph (a), clause (1).

(2) The facility is certified by the commissioner of ~~revenue~~ agriculture to qualify for state payments for ethanol development under section 41A.09 to the extent funds are available.

(3) Increments from the district are used only to finance the qualifying ethanol development project located in the district or to pay for administrative costs of the district.

(4) The district is located outside of the seven-county metropolitan area, as defined in section 473.121.

(5) The tax increment financing plan was approved by a resolution of the county board.

(6) The exemption provided by this paragraph applies until the first year after the total amount of increment for the district ~~does not exceed $1,000,000~~ exceeds $1,500,000. The county auditor shall notify the commissioner of revenue of the expiration of the exemption by June 1 of the year in which the auditor projects the revenues from increments will exceed $1,500,000.

(c) A qualified housing district is exempt.

(d) A district is exempt if the municipality elects at the time of approving the tax increment financing plan for the district to make a qualifying local contribution. To qualify for the exemption in each year, the authority or the municipality must make a qualifying local contribution equal to the listed percentages of increment from the district or subdistrict:

(1) for an economic development district, a housing district, or a renewal and renovation district, ten percent;

(2) for a redevelopment district, a mined underground space district, a hazardous substance subdistrict, or a soils condition district, 7.5 percent.

The maximum local contribution for all districts in the municipality is limited to two percent of city net tax capacity as defined in section 477A.011, subdivision 20.

The amount of the local contribution must be made out of unrestricted money of the authority or municipality, such as the general fund, a property tax levy, or a federal or a state grant-in-aid which may be spent for general government purposes. The local contribution may not be made, directly or indirectly, with tax increments or developer payments as defined under section 469.1766. The local contribution must be used to pay project costs and cannot be used for general government purposes or for improvements or costs that the authority or municipality planned to incur absent the project. The authority or municipality may request contributions from other local government entities that will benefit from the district's activities. These contributions reduce the local contribution required of the municipality or authority by this paragraph. Cities, counties, towns, and schools may contribute to paying these costs, notwithstanding any other law to the contrary.

If the state contributes to the project costs through a direct grant or similar incentive, the required local contribution is reduced by one-half of the dollar amount of the state grant or other similar incentive.

Sec. 7. Minnesota Statutes 1994, section 273.1399, is amended by adding a subdivision to read:

Subd. 7. [EXEMPTION; AGRICULTURAL PROCESSING FACILITIES.] The provisions of this section do not apply to a tax increment financing district that satisfies all of the following requirements:

(1) the district is established to construct or expand an agricultural processing facility;

(2) the construction or expansion of the facility creates, or upon completion will create, a minimum of five permanent full-time jobs;

(3) the district is located outside of the seven-county metropolitan area, as defined in section 473.121;

(4) the tax increment financing plan was approved by a resolution of the county board;

(5) the municipality approving the tax increment financing plan agrees to make at least a five percent local contribution that meets the requirements of subdivision 6, paragraph (d), including the limitation to two percent of city tax capacity; and

(6) the commissioner of agriculture has certified to the county auditor that the requirements of this subdivision have been met.

The exemption provided by this subdivision applies until the first year after the total amount of increment for the district exceeds $1,500,000. The county auditor shall notify the commissioner of revenue of the expiration of the exemption by June 1 of the year in which the auditor projects the revenues from increment will exceed $1,500,000.

For purposes of this section, "agricultural processing facility" means land, buildings, structures, fixtures, and improvements used or operated primarily for the processing or production of marketable products from agricultural crops, including waste and residues from agricultural crops, and including livestock products, poultry products, and wood products, but not the raising of livestock or poultry.

Sec. 8. Minnesota Statutes 1994, section 273.1399, is amended by adding a subdivision to read:

Subd. 8. [APPLICATION TO EXTENSIONS BY SPECIAL LAW.] The provisions of this section apply to a tax increment financing district, notwithstanding the date on which the request for certification was made, if (1) the duration limit of the district under section 469.176 is extended by a special law and (2) the municipality elects under section 469.1782, subdivision 1, clause (2), that this section applies to the extension. The section applies beginning for the first taxes payable year after the district would have terminated under general law and the aid reduction is determined by using 100 percent of the captured tax capacity as the qualified captured tax capacity of the district. The exemption provided by subdivision 6, paragraph (d), does not apply.

Sec. 9. Minnesota Statutes 1994, section 375.83, is amended to read:

375.83 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]

A county board may appropriate ~~not more than $50,000 annually~~ money out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county. ~~The limitation on appropriations in this section does not prohibit accumulation of amounts in excess of $50,000 in a fund to be used for the purposes of this section. The total amount accumulated in the fund must not exceed $300,000.~~

Sec. 10. Minnesota Statutes 1994, section 469.169, subdivision 9, is amended to read:

Subd. 9. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7 and 8, the commissioner may allocate $1,100,000 for tax reductions to border city enterprise zones in cities located on the western border of the state, and $300,000 to the border city enterprise zone in the city of Duluth. The commissioner shall make allocations to zones in cities on the western border by evaluating which cities' applications for allocations relate to business prospects that have the greatest positive economic impact. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, ~~1994~~ 1995.

Sec. 11. Minnesota Statutes 1994, section 469.169, is amended by adding a subdivision to read:

Subd. 10. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7, 8, and 9, the commissioner may allocate $1,500,000 for tax reductions to border city enterprise zones in cities located on the western border of the state. The commissioner shall make allocations to zones in cities on the western border on a per capita basis. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1996.

Sec. 12. Minnesota Statutes 1994, section 469.174, subdivision 4, is amended to read:

Subd. 4. [CAPTURED NET TAX CAPACITY.] "Captured net tax capacity" means the amount by which the current net tax capacity of a tax increment financing district or an extended subdistrict exceeds the original net tax capacity, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity. In the case of a hazardous substance subdistrict, except an extended subdistrict, "captured net tax capacity" means the amount by which the original net tax capacity of the portion of the tax increment financing district overlying the subdistrict exceeds the original net tax capacity of the subdistrict.

Sec. 13. Minnesota Statutes 1994, section 469.174, subdivision 19, is amended to read:

Subd. 19. [SOILS CONDITION DISTRICT.] (a) "Soils condition district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that the following conditions exist:

(1) ~~unusual terrain,~~ the presence of hazardous substances, pollution, or contaminants~~, or soil deficiencies for 80 percent of the acreage in the district require substantial filling, grading,~~ requires removal or remedial action~~, or other physical preparation~~ for use;

(2) the estimated cost of the ~~physical preparation under clause (1), but excluding costs directly related to roads as defined in section 160.01 and local improvements as described in sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01,~~ proposed removal and remedial action exceeds the fair market value of the land before completion of the preparation.

The requirements of clause (2) need not be satisfied, if each parcel of property in the district either satisfies the requirements of clause (2) or the estimated costs of the proposed removal or remedial action exceeds $2 per square foot for the area of the parcel.

(b) ~~An area does not qualify as a soils condition district if it contains a wetland, as defined in section 103G.005, unless the development agreement prohibits draining, filling, or other alteration of the wetland or other binding legal assurances for preservation of the wetland are provided.~~

~~(c) If the district is located in the metropolitan area, the proposed development of the district in the tax increment financing plan must be consistent with the municipality's land use plan adopted in accordance with sections 473.851 to 473.872 and reviewed by the metropolitan council under section 473.175. If the district is located outside of the metropolitan area, the proposed development of the district must be consistent with the municipality's comprehensive municipal plan.~~ The proposed removal or remediation action must be specified in a development action response plan to satisfy the requirements of paragraph (a).

Sec. 14. Minnesota Statutes 1994, section 469.174, subdivision 21, is amended to read:

Subd. 21. [CREDIT ENHANCED BONDS.] "Credit enhanced bonds" means special obligation bonds that are:

(1) payable primarily from tax increments (i) derived from a tax increment financing district within which the activity, as defined in section 469.1763, subdivision 1, financed by at least ~~75 percent~~ the applicable in-district percentage of the bond proceeds is located and (ii) estimated on the date of issuance to be sufficient to pay when due the debt service on the bonds, and

(2) further secured by tax increments (i) derived from one or more tax increment financing districts and (ii) determined by the issuer to be necessary in order to make the marketing of the bonds feasible.

For purposes of this subdivision, "applicable in-district percentage" means the percentage under section 469.1763, subdivision 2, for the district.

Sec. 15. Minnesota Statutes 1994, section 469.174, is amended by adding a subdivision to read:

Subd. 23. [HAZARDOUS SUBSTANCE SUBDISTRICT.] "Hazardous substance subdistrict" or "subdistrict" means a hazardous substance subdistrict created under section 469.175, subdivision 7.

Sec. 16. Minnesota Statutes 1994, section 469.174, is amended by adding a subdivision to read:

Subd. 24. [EXTENDED SUBDISTRICT.] "Extended subdistrict" means a hazardous substance subdistrict, but only for any period during which the subdistrict remains in effect after the overlying tax increment district has terminated.

Sec. 17. Minnesota Statutes 1994, section 469.175, subdivision 1, is amended to read:

Subdivision 1. [TAX INCREMENT FINANCING PLAN.] (a) A tax increment financing plan shall contain:

(1) a statement of objectives of an authority for the improvement of a project;

(2) a statement as to the development program for the project, including the property within the project, if any, that the authority intends to acquire;

(3) a list of any development activities that the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;

(4) identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;

(5) estimates of the following:

(i) cost of the project, including administration expenses;

(ii) amount of bonded indebtedness to be incurred;

(iii) sources of revenue to finance or otherwise pay public costs;

(iv) the most recent net tax capacity of taxable real property within the tax increment financing district;

(v) the estimated captured net tax capacity of the tax increment financing district at completion; and

(vi) the duration of the tax increment financing district's existence;

(6) statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district;

(7) identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and

(8) identification of all parcels to be included in the district or any subdistrict.

(b) For a housing district, redevelopment district, or a hazardous substance subdistrict, the authority may elect in the tax increment financing plan to provide for the identification of a minimum market value in the plan, development agreement, or assessment agreement, and provide that increment is first received by the authority when (1) the market value of the improvements as determined by the assessor reaches or exceeds the minimum market value, or (2) four years has elapsed from the date of certification of the original net tax capacity of the taxable real property in the district or subdistrict by the county auditor, whichever is earlier.

Sec. 18. Minnesota Statutes 1994, section 469.175, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a renewal or renovation district, a mined underground space development district, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district or a renewal or renovation district, the reasons and supporting facts for the determination

that the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or subdivision 10a, must be retained and made available to the public by the authority until the district has been terminated.

(2) that the proposed development or redevelopment, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and ~~therefore the use of tax increment financing is deemed necessary~~ that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this clause do not apply if the district is a qualified housing district, as defined in section 273.1399, subdivision 1.

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(5) that the municipality elects the method of tax increment computation set forth in section 469.177, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

Sec. 19. Minnesota Statutes 1994, section 469.175, subdivision 5, is amended to read:

Subd. 5. [ANNUAL DISCLOSURE.] For all tax increment financing districts, whether created prior or subsequent to August 1, 1979, on or before July 1 of each year, the authority shall submit to the county board, the county auditor, the school board, ~~the commissioner of revenue~~ state auditor and, if the authority is other than the municipality, the governing body of the municipality, a report of the status of the district. The report shall include the following information: the amount and the source of revenue in the account, the amount and purpose of expenditures from the account, the amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness, the original net tax capacity of the district, the captured net tax capacity retained by the authority, the captured net tax capacity shared with other taxing districts, the tax increment received, and any additional information necessary to demonstrate compliance with any applicable tax increment financing plan. An annual statement showing the tax increment received and expended in that year, the original net tax capacity, captured net tax capacity, amount of outstanding bonded indebtedness, the amount of the district's increments paid to other governmental bodies, the amount paid for administrative costs, the sum of increments paid, directly or indirectly, for activities and improvements located outside of the district, and any additional information the authority deems necessary shall be published in a newspaper of general circulation in the municipality. If the fiscal disparities contribution for the district is computed under section 469.177, subdivision 3, paragraph (a), the annual statement must disclose that fact and indicate the amount of increased property tax imposed on other properties in the municipality as a result of the fiscal disparities contribution. The commissioner of revenue shall prescribe the form of this statement and the method for calculating the increased property taxes.

Sec. 20. Minnesota Statutes 1994, section 469.175, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL REPORTING.] (a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

(1) provide for full disclosure of the sources and uses of public funds in the district;

(2) permit comparison and reconciliation with the affected local government's accounts and financial reports;

(3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;

(4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor, on or before July 1, a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county and school district boards and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed pursuant to paragraph (a).

(c) The annual financial report must also include the following items:

(1) the original net tax capacity of the district;

(2) the captured net tax capacity of the district, including the amount of any captured net tax capacity shared with other taxing districts;

(3) ~~the outstanding principal amount of bonds issued or other loans incurred to finance project costs in the district;~~

~~(4)~~ for the reporting period and for the duration of the district, the amount budgeted under the tax increment financing plan, and the actual amount expended for, at least, the following categories:

(i) acquisition of land and buildings through condemnation or purchase;

(ii) site improvements or preparation costs;

(iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;

(iv) administrative costs, including the allocated cost of the authority;

(v) public park facilities, facilities for social, recreational, or conference purposes, or other similar public improvements; and

~~(5)~~ (4) for properties sold to developers, the total cost of the property to the authority and the price paid by the developer;

~~(6) the amount of tax-exempt obligations, other than those reported under clause (3), that were issued on behalf of private entities for facilities located in the district~~ (5) the amount of increments rebated or paid to developers or property owners for privately financed improvements or other qualifying costs.

(d) The reporting requirements imposed by this subdivision ~~are in lieu of the annual disclosure required by subdivision 5~~ apply to districts certified before, on, and after August 1, 1979.

Sec. 21. Minnesota Statutes 1994, section 469.175, subdivision 6a, is amended to read:

Subd. 6a. [REPORTING REQUIREMENTS.] (a) The municipality must annually report to the ~~commissioner of revenue~~ state auditor the following amounts for the entire municipality:

(1) the total principal amount of nondefeased tax increment financing bonds that are outstanding at the end of the previous calendar year; and

(2) the total annual amount of principal and interest payments that are due for the current

calendar year on (i) general obligation tax increment financing bonds, and (ii) other tax increment financing bonds.

(b) The municipality must annually report to the ~~commissioner of revenue~~ state auditor the following amounts for each tax increment financing district located in the municipality:

(1) the type of district, whether economic development, redevelopment, housing, soils condition, mined underground space, or hazardous substance site;

(2) the date on which the district is required to be decertified;

(3) the ~~captured tax capacity of the district, by property class as specified by the commissioner of revenue, for taxes payable in the current calendar year~~ amount of any payments and the value of in-kind benefits, such as physical improvements and the use of building space, that are financed with revenues derived from increments and are provided to another governmental unit (other than the municipality) during the preceding calendar year;

(4) the tax increment revenues for taxes payable in the current calendar year;

(5) whether the tax increment financing plan or other governing document permits increment revenues to be expended (i) to pay bonds, the proceeds of which were or may be expended on activities located outside of the district, (ii) for deposit into a common fund from which money may be expended on activities located outside of the district, or (iii) to otherwise finance activities located outside of the tax increment financing district; and

(6) any additional information that the ~~commissioner of revenue~~ state auditor may require.

(c) The report required by this subdivision must be filed with the ~~commissioner of revenue~~ state auditor on or before ~~March~~ July 1 of each year.

(d) The state auditor may provide for combining the reports required by this subdivision and subdivisions 5 and 6 so that only one report is made for each year to the auditor.

(e) This section applies to districts certified before, on, and after August 1, 1979.

Sec. 22. Minnesota Statutes 1994, section 469.176, is amended by adding a subdivision to read:

Subd. 1g. [EXTENSION TO RECOVER CLEANUP COSTS.] (a) The authority, with the approval of the municipality, may extend the duration of a district beyond the limit that otherwise applies under this section, if the following circumstances apply:

(1) after the district is established, contamination, hazardous substances, pollution, or other materials requiring removal or remediation are found in the district;

(2) the authority elects not to create a hazardous substance subdistrict; and

(3) the municipality pays for the cost of removal, cleanup, or remediation out of its general fund or other money of the municipality, except revenues from tax increments.

(b) The maximum duration extension permitted by this subdivision is the lesser of (1) ten years after the district otherwise would have terminated or (2) the number of additional years necessary to collect increment equal to the cleanup costs paid by the municipality out of funds other than tax increments. Cleanup costs are limited to the actual costs of removal and remediation, and do not include financing or interest costs. Cleanup costs do include testing and engineering costs. Cleanup costs must be reduced by any reimbursements or amounts recovered from private parties or other responsible parties.

Sec. 23. Minnesota Statutes 1994, section 469.176, subdivision 4b, is amended to read:

Subd. 4b. [SOILS CONDITION DISTRICTS.] Revenue derived from tax increment from a soils condition district ~~under section 469.174, subdivision 19,~~ may be used only to (1) acquire parcels on which the improvements described in clause (2) will occur; (2) pay for the cost of ~~correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies~~ removal or remedial action; and (3) pay for the

administrative expenses of the authority allocable to the district, including the cost of preparation of the development action response plan. ~~The sale by the authority of a parcel acquired and improved as described in clauses (1) and (2) must be for a price that is no less than the cost of acquisition.~~

Sec. 24. Minnesota Statutes 1994, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. [ECONOMIC DEVELOPMENT DISTRICTS.] (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;

(3) research and development related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property;

(5) tourism facilities; or

(6) space necessary for and related to the activities listed in clauses (1) to (5).

(b) Notwithstanding the provisions of this subdivision, revenue derived from tax increment from an economic development district may be used to ~~provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 5,000 square feet of commercial and retail facilities within the municipal jurisdiction of a home rule charter or statutory city that has a population of 5,000 or less. The 5,000 square feet limitation is cumulative and applies to all facilities in all the economic development districts within the municipal jurisdiction~~ pay for site preparation and public improvements, if the following conditions are met:

(1) bedrock soils conditions are present in 80 percent or more of the acreage of the district;

(2) the estimated cost of physical preparation of the site exceeds the fair market value of the land before completion of the preparation; and

(3) revenues from tax increments are expended only for the additional costs of preparing the site because of unstable soils and the bedrock soils condition, the additional cost of installing public improvements because of unstable soils or the bedrock soils condition, and reasonable administrative costs.

Sec. 25. Minnesota Statutes 1994, section 469.176, subdivision 7, is amended to read:

Subd. 7. [~~SUBSEQUENT~~ PARCELS NOT INCLUDABLE IN DISTRICTS.] ~~Except as provided in subdivision 6, for subsequent recertification of parcels eliminated from a district because of lack of development activity, no parcel that has been so eliminated subsequent to two years from the date of the original certification may be included in a tax increment district if, at any time during the 20 years prior to the date when certification of the district is requested pursuant to section 469.177, subdivision 1, that parcel had been included in an economic development district.~~ (a) The authority may not request inclusion in a tax increment financing district and the county auditor may not certify the original tax capacity of the following:

(1) a parcel or a part of a parcel that qualified under the provisions of section 273.111 or 273.112 or chapter 473H for taxes payable in any of the five calendar years before the filing of the request for certification, if the parcel is located in the metropolitan area, as defined in section 473.121; or

(2) a parcel or a part of a parcel, located outside of the metropolitan area, as defined in section 473.121, that qualified under the provisions of section 273.111 or 273.112 for taxes payable in any of the five calendar years before the request for certification, if the district is not a district in which

85 percent or more of the planned buildings and facilities (determined on the basis of square footage) are for manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property.

Sec. 26. Minnesota Statutes 1994, section 469.1763, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES OUTSIDE DISTRICT.] (a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district.

Sec. 27. Minnesota Statutes 1994, section 469.1763, subdivision 4, is amended to read:

Subd. 4. [USE OF REVENUES FOR DECERTIFICATION.] (a) Beginning with the sixth year following certification of the district, ~~75~~ the applicable in-district percent of the revenues derived from tax increments paid by properties in the district that remain after the expenditures permitted under subdivision 3 must be used only to pay:

(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4); or

(3) credit enhanced bonds to which the revenues derived from tax increments are pledged, but only to the extent that revenues of the district for which the credit enhanced bonds were issued are insufficient to pay the bonds and to the extent that the increments from the ~~unrestricted 25~~ applicable pooling percent share for the district are insufficient.

(b) When the outstanding bonds have been defeased and when sufficient money has been set aside to pay contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and (4), the district must be decertified and the pledge of tax increment discharged.

Sec. 28. Minnesota Statutes 1994, section 469.177, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL NET TAX CAPACITY.] (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district and that portion of the district overlying any subdistrict as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district and any subdistrict, reduction or enlargement of the district or changes pursuant to subdivision 4.

(b) In the case of a mined underground space development district the county auditor shall certify the original net tax capacity as zero, plus the net tax capacity, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04.

(c) For districts approved under section 469.175, subdivision 3, or parcels added to existing

districts after May 1, 1988, if the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(d) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(e) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the net tax capacity of a property increases because the property no longer qualifies under the Minnesota agricultural property tax law, section 273.111; the Minnesota open space property tax law, section 273.112; or the metropolitan agricultural preserves act, chapter 473H, or because platted, unimproved property is improved or three years pass after approval of the plat under section 273.11, subdivision 1, the increase in net tax capacity must be added to the original net tax capacity.

(f) Each year the auditor shall also add to the original net tax capacity of each economic development district an amount equal to the original net tax capacity for the preceding year multiplied by the average percentage increase in the market value of all property included in the economic development district during the five years prior to certification of the district.

(g) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(h) If a parcel of property contained a substandard building that was demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building was demolished or removed, but applying the class rates for the current year.

Sec. 29. Minnesota Statutes 1994, section 469.177, subdivision 1a, is amended to read:

Subd. 1a. [ORIGINAL LOCAL TAX RATE.] At the time of the initial certification of the original net tax capacity for a tax increment financing district or a subdistrict, the county auditor shall certify the original local tax rate that applies to the district or subdistrict. The original local tax rate is the sum of all the local tax rates that apply to a property in the district or subdistrict. The local tax rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the district's or subdistrict's original tax capacity. The resulting tax capacity rate is the original local tax rate for the life of the district or subdistrict.

Sec. 30. Minnesota Statutes 1994, section 469.177, subdivision 2, is amended to read:

Subd. 2. [CAPTURED NET TAX CAPACITY.] The county auditor shall certify the amount of the captured net tax capacity to the authority each year, together with the proportion that the captured net tax capacity bears to the total net tax capacity of the real property within the tax increment financing district and any subdistrict for that year.

(a) An authority may choose to retain any part or all of the captured net tax capacity for purposes of tax increment financing according to one of the following options:

(1) If the plan provides that all the captured net tax capacity is necessary to finance or otherwise make permissible expenditures under section 469.176, subdivision 4, the authority may retain the full captured net tax capacity.

(2) If the plan provides that only a portion of the captured net tax capacity is necessary to finance or otherwise make permissible expenditures under section 469.176, subdivision 4, only that portion shall be set aside and the remainder shall be distributed among the affected taxing districts by the county auditor.

(b) The portion of captured net tax capacity that an authority intends to use for purposes of tax increment financing must be clearly stated in the tax increment financing plan.

Sec. 31. Minnesota Statutes 1994, section 469.177, subdivision 6, is amended to read:

Subd. 6. [REQUEST FOR CERTIFICATION OF NEW TAX INCREMENT FINANCING DISTRICT.] A request for certification of a new tax increment financing district pursuant to subdivision 1 or of a modification to an existing tax increment financing district pursuant to section 469.175, subdivision 4, received by the county auditor on or before ~~July 1~~ June 30 of the calendar year shall be recognized by the county auditor in determining local tax rates for the current and subsequent levy years. Requests received by the county auditor after ~~July 1~~ June 30 of the calendar year shall not be recognized by the county auditor in determining local tax rates for the current levy year but shall be recognized by the county auditor in determining local tax rates for subsequent levy years.

Sec. 32. Minnesota Statutes 1994, section 469.177, subdivision 9, is amended to read:

Subd. 9. [DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET TAX CAPACITY.] (a) If the amount of tax paid on captured net tax capacity exceeds the amount of tax increment, the county auditor shall distribute the excess to the municipality, county, and school district as follows: each governmental unit's share of the excess equals

(1) the total amount of the excess for the tax increment financing district, multiplied by

(2) a fraction, the numerator of which is the current local tax rate of the governmental unit less the governmental unit's local tax rate for the year the original local tax rate for the district was certified (in no case may this amount be less than zero) and the denominator of which is the sum of the numerators for the municipality, county, and school district.

If the entire increase in the local tax rate is attributable to a taxing district, other than the municipality, county, or school district, then the excess must be distributed to the municipality, county, and school district in proportion to their respective local tax rates.

The school district's tax rate must be divided into the portion of the tax rate attributable (1) to state equalized levies, and (2) unequalized levies. ~~Equalized levies mean the levies identified in section 273.1398, subdivision 1, and~~ As used in this subdivision, "equalized levies" means the sum of the maximum amounts that may be levied for: (i) general education under section 124A.23, subdivision 2; (ii) supplemental revenue under section 124A.22, subdivision 8a; (iii) capital expenditure facilities revenue under section 124.243, subdivision 3; (iv) capital expenditure equipment revenue under section 124.244, subdivision 2; and (v) basic transportation under section 124.226, subdivision 1. Unequalized levies mean the rest of the school district's levies. The calculations under clause (2) must determine the amount of excess taxes attributable to each portion of the school district's tax rate. If one of the portions of the change in the school district tax rate is less than zero and the combined change is greater than zero, the combined rate must be used and all the school district's share of excess taxes allocated to that portion of the tax rate.

(b) The amounts distributed shall be deducted in computing the levy limits of the taxing district for the succeeding taxable year. In the case of a school district, only the proportion of the excess taxes attributable to unequalized levies that are subject to a fixed dollar amount levy limit shall be deducted from the levy limit.

(c) In the case of distributions to a school district that are attributable to state equalized levies, the county auditor shall report amounts distributed to the commissioner of education in the same manner as provided for excess increments under section 469.176, subdivision 2, and the distribution shall be deducted from the school district's state aid payments.

Sec. 33. Minnesota Statutes 1994, section 469.177, is amended by adding a subdivision to read:

Subd. 11. [DEDUCTION FOR ENFORCEMENT COSTS; APPROPRIATION.] (a) The county treasurer shall deduct an amount equal to 0.1 percent of any increment distributed to an authority or municipality. The county treasurer shall pay the amount deducted to the state treasurer for deposit in the state general fund.

(b) The amounts deducted and paid under paragraph (a) are appropriated to the state auditor for the cost of (1) the financial reporting of tax increment financing information and (2) the cost of examining and auditing of authorities' use of tax increment financing as provided under section 469.1771, subdivision 1. Notwithstanding section 16A.28 or any other law to the contrary, this appropriation does not cancel and remains available until spent.

Sec. 34. Minnesota Statutes 1994, section 469.1771, subdivision 1, is amended to read:

Subdivision 1. [ENFORCEMENT.] (a) The ~~commissioner of revenue shall enforce the provisions of sections 469.174 to 469.179. In addition, the~~ owner of taxable property located in the city, town, school district, or county in which the tax increment financing district is located may bring suit for equitable relief or for damages, as provided in subdivisions 3 and 4, arising out of a failure of a municipality or authority to comply with the provisions of sections 469.174 to 469.179, or related provisions of this chapter. The prevailing party in a suit filed under the preceding sentence is entitled to costs, including reasonable attorney fees.

(b) The ~~responsibility for financial and compliance auditing of~~ state auditor may examine and audit political subdivisions' use of tax increment financing ~~remains with the state auditor~~. Without previous notice, the state auditor may examine or audit accounts and records on a random basis as the auditor deems to be in the public interest. If the state auditor finds evidence that an authority or municipality has violated a provision of the law for which a remedy is provided under this section, the state auditor shall forward the relevant information to the ~~commissioner of revenue. The commissioner of revenue may audit an authority's use of tax increment financing~~ county attorney. The county attorney may bring an action to enforce the provisions of sections 469.174 to 469.179 or related provisions of this chapter, for matters referred by the state auditor or on behalf of the county.

(c) If the state auditor finds an authority is not in compliance with sections 469.174 to 469.179 or related provisions of law, the auditor shall notify the governing body of the municipality that approved the tax increment financing district of its findings. The governing body of the municipality must respond in writing to the state auditor within 60 days after receiving the notification. Its written response must state whether the municipality accepts, in whole or part, the auditor's findings. If the municipality does not accept the findings, the statement must indicate the basis for its disagreement. The state auditor shall annually summarize the responses it receives under this section and send the summary and copies of the responses to the chairs of the committees of the legislature with jurisdiction over tax increment financing.

Sec. 35. [469.1782] [SPECIAL LAW PROVISIONS.]

Subdivision 1. [ELECTION.] If a special law allows an extension of the duration limit of an existing tax increment financing district under section 469.176 or allows establishment of a new district with a longer duration limit than permitted by general law, the municipality must elect, by resolution, that the district is subject to either:

(1) the adjustment to adjusted net tax capacity for the school district under section 1; or

(2) the reduction in state tax increment financing aid under section 273.1399, subdivision 8.

This election is irrevocable and must be made before the extension is submitted by the municipality to the school district for approval under subdivision 2. If the municipality fails to make an election before submitting the matter to the school district, the municipality is deemed to have elected clause (2).

Subd. 2. [LOCAL APPROVAL OF SPECIAL LAWS.] (a) If a special law allows an extension of the duration limit of an existing tax increment financing district under section 469.176 or allows establishment of a new district with a longer duration limit than that permitted by general law, the "affected local government units," for purposes of section 645.021 and article XII, section 2, of the Minnesota Constitution, include the city or town, the school district, and the county in which the tax increment district is located. The town board may act to approve the special law.

(b) The chief clerical officer of the municipality must, as soon after the affected local units have approved the special law allowing an extension, file with the secretary of state a certificate stating the essential facts necessary to valid approval, including a copy of each of the resolutions of approval by the city or town, the school district, and the county. The attorney general shall prescribe the form of the certificate and the secretary of state shall furnish copies. If the municipality fails to file a certificate of approval before the first day of the next regular session of the legislature, the extension of the duration is deemed to be disapproved, unless the special law allows a longer period for approval. If the law contains other provisions besides an extension of the duration and the municipality otherwise complies with section 645.021, the rest of the law takes effect.

Sec. 36. [TAX INCREMENT FINANCING DISTRICT EXTENSION.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1c, the St. Louis Park economic development authority may collect and expend tax increments from the Excelsior Boulevard Redevelopment Project and Oak Park Village tax increment financing districts (Hennepin county project numbers 1300 and 1301, respectively) located within the city of St. Louis Park, after April 1, 2001, for eligible activities within the redevelopment area. The authority under this section expires August 1, 2009.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 37. [CITY OF HASTINGS; DISTRICT EXTENSION.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1c, the housing and redevelopment authority may collect and expend tax increments from the downtown redevelopment tax increment financing district, located within the city of Hastings, after April 1, 2001, for eligible activities within the district. The authority under this section expires December 31, 2006.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 38. [CITY OF HOPKINS; TAX INCREMENT DISTRICT.]

Subdivision 1. [DURATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1c, tax increment collected by the housing and redevelopment authority in and for the city of Hopkins from tax increment financing district no. 1-1 may be expended by the authority or the city of Hopkins to pay or defease (1) bonds or obligations issued within two years after the effective date of this section, or (2) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded. Tax increment from district no. 1-1 will not be paid to the authority after August 1, 2009.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 39. [SWIFT COUNTY RURAL DEVELOPMENT FINANCE AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] The Swift county board may, by adopting a written enabling resolution, establish a county rural development finance authority that, subject to subdivision 2, has the following powers: powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.107; and powers of a rural development financing authority under sections 469.142 to 469.151.

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] If the county rural development finance authority exercises the powers of an economic development authority, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.108, except for the authority to issue general obligation bonds under Minnesota Statutes, section 469.102. The levy imposed by the county board under Minnesota Statutes, section 469.107, may be levied in addition to levies otherwise authorized by law. The county rural development finance authority may create and define the boundaries of economic development districts at any place or places within the county. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as county economic development districts.

Subd. 3. [LIMIT OF POWERS.] (a) The enabling resolution may impose the following limits on the actions of the authority:

(1) that the authority may not exercise any of the powers contained in subdivision 1 unless those powers are specifically authorized in the enabling resolution; and

(2) any other limitation or control established by the county board by the enabling resolution.

(b) The enabling resolution may be modified at any time, but may not be applied in a manner that impairs contracts executed before the modification is made. All modifications to the enabling resolution must be by written resolution.

(c) Before the commencement of a project by the authority, the governing body of the municipality in which the project is to be located or the Swift county board, if the project is outside municipal corporate limits, shall by majority vote approve the project as recommended by the authority.

Subd. 4. [BOARD OF DIRECTORS.] (a) The authority consists of a board of seven directors. The directors shall be appointed by the Swift county board. Each director shall be appointed to serve for three years or until a successor is appointed and qualified. No director may serve more than two consecutive terms. The initial appointment of directors must be made so that no more than one-third of the directors' positions will require appointment in any one year due to fulfillment of their three-year appointment. The appointment of directors must be made to reflect representation of the entire county by population, appointing one director to represent each of the five county commissioner districts. The other two directors must be representatives of various county-based economic development organizations or be directors at-large. No more than two directors may reside in any one county commissioner district.

(b) Two of the directors initially appointed shall serve for terms of one year, two for two years, and three for three years. Each vacancy must be filled for the unexpired term in the manner in which the original appointment was made. A vacancy occurs if a director no longer resides in the county. No director shall be an officer, employee, director, shareholder, or member of any corporation, firm, or association with which the authority has entered into any operating lease, or other agreement. The directors may be removed by the county for the reasons and in the manner provided under Minnesota Statutes, section 469.010, and shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties. Directors shall have no personal liability for obligations of the authority or the methods of enforcement and collection of the obligations.

Subd. 5. [EFFECTIVE DATE.] This section is effective upon compliance by the Swift county board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 40. [CITY OF MORRIS; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.175, subdivision 4, paragraph (b), the economic development authority of the city of Morris may, within one year after the effective date of this section, enlarge the geographic area of tax increment financing district No. 5 to include a parcel identified as lot 2, block 2, Morris industrial park. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except:

(1) the duration limit for the district and enlarged area is December 31, 2005; and

(2) the buildings to be constructed in the enlarged geographic area of the district may, notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 4c, include space necessary for and related to the manufacturing facility located on parcels contiguous to the district. The maximum space for nonmanufacturing uses may not exceed 40 percent of the square footage of the buildings. This test may be applied based on a two-year test period.

Subd. 2. [EFFECTIVE DATE.] This section is effective after compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 41. [CITY OF OAKDALE; TAX INCREMENT DISTRICTS.]

Subdivision 1. [DURATION.] (a) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1 and 1b, tax increments from the city of Oakdale tax increment financing district number 1-2 may be collected and expended by the authority through December 31, 2011.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1 and 1b, tax increments from the city of Oakdale tax increment financing district number 9 may be collected and expended by the authority through December 31, 2004.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 42. [CITY OF LAKE CITY; TAX INCREMENT DISTRICT.]

Subdivision 1. [DURATION EXTENSION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, the duration of tax increment financing district number 3, located within the city of Lake City, may be extended to January 1, 2002, by resolution of the governing body of Lake City.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 43. [CITY OF LAKEFIELD; TAX INCREMENT FINANCING DISTRICTS.]

Subdivision 1. [REDEVELOPMENT DISTRICT.] (a) The governing body of the city of Lakefield may establish a tax increment financing district that is a redevelopment district as defined in Minnesota Statutes, section 469.174, subdivision 10, for the purpose of developing the property previously used as the municipal hospital. The district is subject to Minnesota Statutes, sections 469.174 to 469.179.

(b) Notwithstanding Minnesota Statutes, section 469.177, subdivision 1, paragraph (d), for the district established under this subdivision, the original tax capacity of the previously tax exempt property comprising the municipal hospital equals the value of the land only, as determined by the assessor at the time of the transfer.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Lakefield with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 44. [CITIES OF CRYSTAL, FRIDLEY, ST. PAUL, AND MINNEAPOLIS; HOUSING REPLACEMENT DISTRICTS; DEFINITIONS.]

Subdivision 1. [CAPTURED NET TAX CAPACITY.] "Captured net tax capacity" means the amount by which the current net tax capacity in a housing replacement district exceeds the original net tax capacity, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

Subd. 2. [ORIGINAL NET TAX CAPACITY.] "Original net tax capacity" means the net tax capacity of all taxable real property within a housing replacement district as certified by the commissioner of revenue for the previous assessment year less the net tax capacity attributable to existing improvements, provided that the request by the authority for certification of a new housing replacement district has been made to the county auditor by June 30. The original net tax capacity of housing replacement districts for which requests are filed after June 30 has an original net tax capacity based on the current assessment year. In any case, the original net tax capacity must be determined together with subsequent adjustments as set forth in Minnesota Statutes, section 469.177, subdivision 1, paragraph (c). In determining the original net tax capacity, the net tax capacity of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.

Subd. 3. [PARCEL.] "Parcel" means a tract or plat of land established prior to the certification of the housing replacement district as a single unit for purposes of assessment.

Subd. 4. [AUTHORITY.] For housing replacement projects in the city of Crystal, "authority" means the Crystal economic development authority. For housing replacement projects in the city of Fridley, "authority" means the housing and redevelopment authority in and for the city of Fridley or a successor in interest. For housing replacement projects in the city of Minneapolis, "authority" means the Minneapolis community development agency. For housing replacement projects in the city of St. Paul, "authority" means the St. Paul housing and redevelopment authority.

Sec. 45. [ESTABLISHMENT OF HOUSING REPLACEMENT DISTRICTS.]

Subdivision 1. [CREATION OF PROJECTS.] (a) An authority may create a housing replacement project under sections 44 to 47, as provided in this section.

(b) For the cities of Crystal and Fridley, the authority may designate up to 50 parcels in the city to be included in a housing replacement district. No more than ten parcels may be included in year one of the district, with up to ten additional parcels added to the district in each of the following nine years. For the cities of Minneapolis and St. Paul, each authority may designate up to 100 parcels in the city to be included in a housing replacement district over the life of the district. The only parcels that may be included in a district are (1) vacant sites, (2) parcels containing vacant houses, or (3) parcels containing houses that are structurally substandard, as defined in Minnesota Statutes, section 469.174, subdivision 10.

(c) The city in which the authority is located must pay at least 25 percent of the housing replacement project costs from its general fund, a property tax levy, or other unrestricted money, not including tax increments.

(d) The housing replacement district plan must have as it sole object the acquisition of parcels for the purpose of preparing the site to be sold for market rate housing. As used in this section, "market rate housing" means housing that has a market value that does not exceed 150 percent of the average market value of single-family housing in that municipality.

Subd. 2. [HOUSING REPLACEMENT DISTRICT PLAN.] To establish a housing replacement district under sections 44 to 47, an authority shall adopt a housing replacement district plan which contains:

(1) a statement of the objectives and a description of the housing replacement projects proposed by the authority for the housing replacement district;

(2) a statement of the housing replacement district plan, demonstrating the coordination of that plan with the city's comprehensive plan;

(3) estimates of the following:

(i) cost of the program, including administrative expenses;

(ii) sources of revenue to finance or otherwise pay public costs;

(iii) the most recent net tax capacity of taxable real property within the housing replacement district; and

(iv) the estimated captured net tax capacity of the housing replacement district at completion;

(4) statements of the authority's alternate estimates of the impact of the housing replacement district on the net tax capacities of all taxing jurisdictions in which the housing replacement district is located in whole or in part. For purposes of one statement, the municipality shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the housing replacement district, and for purposes of the second statement, the county shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the housing replacement district; and

(5) identification of all parcels to be included in the district, to the extent known at the time the original housing replacement district plan is prepared. At a minimum, the parcels that will be included in the housing replacement district during its first year must be identified in the original housing replacement district plan. If parcels for subsequent years are not specifically identified, the original housing replacement district plan must include the criteria that will be used by the authority to select parcels to be included in the later years.

Subd. 3. [PROCEDURE.] The provisions of Minnesota Statutes, section 469.175, subdivisions 3, 4, 5, and 6, apply to the establishment and operation of the housing replacement districts created under sections 44 to 47, except as follows:

(1) the determination specified in Minnesota Statutes, section 469.175, subdivision 3, clause (1), is not required; and

(2) addition of parcels not identified in the original housing replacement district plan is not treated as a modification of that plan requiring an approval process provided that the parcels added are consistent with the criteria described in subdivision 2, clause (5).

Sec. 46. [LIMITATIONS.]

Subdivision 1. [DURATION LIMITS.] No tax increment may be paid to the authority on each parcel in a housing replacement district after 15 years from date of receipt by the county of the first tax increment from that parcel.

Subd. 2. [LIMITATION ON USE OF TAX INCREMENTS.] All revenues derived from tax increments must be used in accordance with the housing replacement district plan. The revenues must be used solely to pay the costs of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on parcels identified in the housing replacement district plan, as well as public improvements and administrative costs directly related to those parcels.

Sec. 47. [APPLICATION OF OTHER LAWS.]

Subdivision 1. [COMPUTATION OF TAX INCREMENT.] The provisions of Minnesota Statutes, section 469.177, subdivisions 1a, and 5 to 10, apply to the computation of tax increment for the housing replacement districts created under sections 44 to 47. The original local tax rate is the rate for the year a parcel is certified for inclusion in a housing replacement district.

Subd. 2. [OTHER PROVISIONS.] References in Minnesota Statutes to tax increment financing districts created and tax increments generated under Minnesota Statutes, sections 469.174 to 469.179, other than references in Minnesota Statutes, section 273.1399, include housing replacement districts and tax increments subject to sections 44 to 47, provided that Minnesota Statutes, sections 469.174 to 469.179, apply only to the extent specified in sections 44 to 47.

Subd. 3. [MINNEAPOLIS SPECIAL LAW.] Laws 1980, chapter 595, section 2, subdivision 2, does not apply to a district created under sections 44 to 47.

Sec. 48. [REPEALER.]

Minnesota Statutes 1994, section 469.175, subdivision 7a, is repealed.

Sec. 49. [EFFECTIVE DATE.]

Sections 1, 8, and 35, subdivision 1, are effective for special laws, if the enactment occurs on or after the enactment date of this act.

Sections 2 and 3 apply to state grants, state loans, and tax increment financing authorized on or after August 1, 1995.

Sections 4 to 6, and 48 apply to tax increment financing districts and additions of new areas to existing tax increment financing districts for which the request for certification was made after June 30, 1994, and to all hazardous substance subdistricts, regardless of when the request for certification was made. For districts for which the tax increment financing plan was approved before July 1, 1995, the governing body of the municipality must elect, by resolution, to be covered by the section by no later than December 31, 1995.

Section 7 is effective for new tax increment financing districts for which the request for certification is made after the day following final enactment.

Sections 9, 12, 15 to 17, and 28 to 31, are effective the day following final enactment.

Section 10 is effective January 1, 1995.

Sections 13, 14, 18, and 23 to 27, are effective June 30, 1995.

Sections 19 to 21, 33, and 34 are effective January 1, 1996, and apply to all tax increment financing districts regardless of when the request for certification was made, including requests made before August 1, 1979.

Section 22 is effective the day following final enactment and applies to all tax increment financing districts for which the request for certification was made after December 31, 1988.

Section 32 is effective beginning for taxes payable in 1994.

Section 35, subdivision 2, is effective for special laws that become effective two or more days after the day following final enactment.

Sections 44 to 47 are effective for the cities of Crystal and Fridley on the day following final enactment, for the cities of Minneapolis and St. Paul on June 1, 1996, and upon compliance by the governing bodies of the local units with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 6

STATE FINANCE

Section 1. Minnesota Statutes 1994, section 16A.152, subdivision 1, is amended to read:

Subdivision 1. [~~BUDGET RESERVE AND~~ CASH FLOW ACCOUNT ESTABLISHED.] (a) A ~~budget reserve and~~ cash flow account is created in the general fund in the state treasury. The commissioner of finance shall restrict part or all of the balance before reserves in the general fund as may be necessary to fund the ~~budget reserve and~~ cash flow account as provided by law ~~from time to time~~.

(b) The commissioner of finance shall transfer the amount necessary to bring the total amount of the ~~budget reserve and~~ cash flow account~~, including any existing balance in the account on June 30, 1993,~~ to ~~$360,000,000~~ $350,000,000 on July 1, 1995. The amounts restricted shall remain in the account until drawn down ~~under subdivision 1 or increased under subdivision 2~~ and used to meet cash flow deficiencies resulting from uneven distribution of revenue collections and required expenditures during a fiscal year.

Sec. 2. [16A.67] [JUDGMENT BONDS.]

Subdivision 1. [AUTHORIZATION.] The commissioner of finance, upon request of the governor, is authorized to sell and issue state bonds to fund the judgment rendered against the state

by the Minnesota supreme court in Cambridge State Bank et. al. v. James, 514 N.W. 2d 565, on April 1, 1994, and interest accrued thereon to fund any bond reserve determined to be necessary, and to pay costs of issuance of the bonds. The proceeds of the bonds are appropriated for these purposes. The principal amount of the bonds shall not exceed $400,000,000. The bonds shall be sold and issued upon such terms and in such manner as the commissioner shall determine to be in the best interests of the state. The final maturity of the bonds shall be not later than June 30, 2005.

Subd. 2. [SECURITY; BONDS NOT PUBLIC DEBT.] The bonds and the interest thereon shall be payable solely from and secured by the revenues appropriated and transferred to the debt service fund established for this purpose in subdivision 4 and investment income thereon, and any bond reserve established for the bonds. The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the interest thereon shall not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.

Subd. 3. [SPECIAL REVENUE FUND.] There is established in the state treasury a separate and special revenue fund for deposit of the revenues from net proceeds of the lottery in accordance with section 349A.10, subdivision 5, money received for payment or reimbursement of health care costs in accordance with section 246.18, subdivision 7, state license and service fees as defined in section 16A.6701, and investment income thereon.

Subd. 4. [DEBT SERVICE FUND.] There is established in the state treasury a separate and special debt service fund. Money transferred or appropriated to the fund and investment income thereon on hand or required to be transferred to the fund shall be used and are irrevocably appropriated for the payment of the principal of and interest on the bonds authorized in this section when due.

Subd. 5. [COVENANTS; AGREEMENTS.] The commissioner may, for and on behalf of the state, enter into such covenants and agreements not inconsistent with subdivisions 1 to 4 and sections 246.18, subdivisions 4 and 6; and 349A.10, subdivision 5, as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax-exemption, and disclosure of information required by federal and state securities laws. Such covenants may not include covenants to continue to operate the state lottery but may include covenants to continue to seek payment by and reimbursement from nonstate sources of health care costs so long as any bonds issued pursuant to this section are outstanding. The provisions of sections 16A.672 and 16A.675 are applicable to the bonds.

Sec. 3. [16A.6701] [DEPOSIT OF CERTAIN STATE LICENSE FEES, SERVICE FEES, AND CHARGES.]

Subdivision 1. [STATE LICENSE AND SERVICE FEES.] For purposes of section 16A.665, subdivision 3, and this section, the term "state license and service fees" means, and refers to, all license fees, service fees, and charges imposed by law and collected by any state officer, agency, or employee, which are listed below or which are defined as departmental earnings under section 16A.1285, subdivision 1, and the use of which is not otherwise restricted by law, and which are not required to be credited or transferred to a fund other than the general fund:

Minnesota Statutes 1994, sections 3.9221; 5.12; 5.14; 5.16; 5A.04; 6.58; 13.03, subdivision 10; 16A.155; 16A.48; 16A.54; 16A.72; 16B.59; 16B.70; 17A.04; 18.51, subdivision 2; 18.53; 18.54; 18C.551; 19.58; 19.64; 27.041, subdivision 2, clauses (d) and (e); 27.07, subdivision 5; 28A.08; 32.071; 32.075; 32.392; 35.71; 35.824; 35.95; 41C.12; 45.027, subdivisions 3 and 6; 46.041, subdivision 1; 46.131, subdivisions 2, 7, 8, 9, and 10; 47.101, subdivision 2; 47.54, subdivisions 1 and 4; 47.62, subdivision 4; 47.65; 48.475, subdivision 1; 48.61, subdivision 7; 48.93; 49.36, subdivision 1; 52.01; 52.203; 53.03, subdivisions 1, 5, and 6; 53.09, subdivision 1; 53A.03; 53A.05, subdivision 1; 53A.081, subdivision 3; 54.294, subdivision 1; 55.04, subdivision 2; 55.095; 56.02; 56.04; 56.10; 59A.03, subdivision 2; 59A.06, subdivision 3; 60A.14, subdivisions 1 and 2; 60A.23, subdivision 8; 60K.19, subdivision 5; 65B.48, subdivision 3; 70A.14, subdivision 4; 72B.04, subdivision 10; 79.251, subdivision 5; 80A.28, subdivisions 1, 2, 3, 4, 5, 6, 7, 7a, 8, and 9; 80C.04, subdivision 1; 80C.07; 80C.08, subdivision 1; 80C.16, subdivisions 2 and 3; 80C.18, subdivision 2; 82.20, subdivision 8 and 9; 82A.04, subdivision 1; 82A.08, subdivision 2; 82A.16,

subdivisions 2 and 6; 82B.09, subdivision 1; 83.23, subdivisions 2, 3, and 4; 83.25, subdivisions 1 and 2; 83.26, subdivision 2; 83.30, subdivision 2; 83.31, subdivision 2; 83.38, subdivision 2; 85.052; 85.053; 85.055; 88.79, subdivision 2; 89.035; 89.21; 115.073; 115.77, subdivisions 1 and 2; 116.41, subdivision 2; 116C.69; 116C.712; 116J.9673; 125.08; 136C.04, subdivision 9; 155A.045; 155A.16; 168.27, subdivision 11; 168.33, subdivisions 3 and 7; 168.54; 168.67; 168.705; 168A.152; 168A.29; 169.345; 171.06, subdivision 2a; 171.29, subdivision 2; 176.102; 176.1351; 176.181, subdivision 2a; 177.30; 181A.12; 183.545; 183.57; 184.28; 184.29; 184A.09; 201.091, subdivision 5; 204B.11; 207A.02; 214.06; 216C.261; 221.0355; 239.101; 240.06; 240.07; 240.08; 240.09; 240.10; 246.51; 270.69, subdivision 2; 270A.07; 272.484; 296.06; 296.12; 296.17; 297.04; 297.33; 299C.46; 299C.62; 299K.09; 299K.095; 299L.07; 299M.04; 300.49; 318.02; 323.44, subdivision 3; 325D.415; 326.22; 326.3331; 326.47; 326.50; 326.92, subdivisions 1 and 3; 327.33; 331A.02; 332.15, subdivisions 2 and 3; 332.17; 332.22, subdivision 1; 332.33, subdivisions 3 and 4; 332.54, subdivision 7; 333.055; 333.20; 333.23; 336.9-413; 336A.04; 336A.05; 336A.09; 345.35; 345.43, subdivision 1; 345.44; 345.55, subdivision 3; 347.33; 349.151; 349.161; 349.162; 349.163; 349.164; 349.165; 349.166; 349.167; 357.08; 359.01, subdivision 3; 360.018; 360.63; 386.68; and 414.01, subdivision 11; Minnesota Statutes 1994, chapters 154; 216B; 237; 302A; 303; 308A; 317A; 322A; and 322B; Laws 1990, chapter 593; Laws 1993, chapter 254, section 7; and Laws 1994, chapter 573, section 4; Minnesota Rules, parts 1800.0500; 1950.1070; 2100.9300; 7515.0210; and 9545.2000 to 9545.2040.

Subd. 2. [FEES CREDITED TO SPECIAL REVENUE FUND.] All state license and service fees must be credited to the special revenue fund created in section 16A.67, subdivision 3. Money credited to the special revenue fund must be transferred to the debt service fund established in section 16A.67, subdivision 4, at the times and in the amounts determined by the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or before the tenth day of each month, any money in the special revenue fund not required to be transferred to the debt service fund must be transferred to the general fund.

Subd. 3. [APPLICABILITY.] If any state license or service fee described in subdivision 1 is determined by the attorney general or a court of competent jurisdiction to be a tax, the provisions of subdivisions 1 and 2 no longer apply to it.

Sec. 4. Minnesota Statutes 1994, section 246.18, subdivision 4, as amended by Laws 1995, chapter 207, article 8, section 28, is amended to read:

Subd. 4. [COLLECTIONS DEPOSITED IN THE GENERAL FUND.] Except as provided in subdivisions ~~2,~~ 5, ~~and~~ 6, and 7, all receipts from collection efforts for the regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be deposited in the general fund. The commissioner shall ensure that the departmental financial reporting systems and internal accounting procedures comply with federal standards for reimbursement for program and administrative expenditures and fulfill the purpose of this paragraph.

Sec. 5. Minnesota Statutes 1994, section 246.18, is amended by adding a subdivision to read:

Subd. 7. [USE OF CERTAIN REIMBURSEMENT FUNDS.] Except as provided in subdivisions 2, 5, and 6, and unless otherwise required by federal law, during any period in which bonds are issued and outstanding under section 16A.67, all money received from the federal government or other nonstate source for payment or reimbursement of health care costs incurred at regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be credited to the special revenue fund created in section 16A.67, subdivision 3. Money credited to the special revenue fund must be transferred to the debt service fund established in section 16A.67, subdivision 4, at the times and in the amounts determined by order of the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or before the tenth day of each month, any money in the special revenue fund not required to be transferred to the debt service fund must be transferred to the general fund.

Sec. 6. Minnesota Statutes 1994, section 349A.10, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF NET PROCEEDS.] Within 30 days after the end of each month, the director shall deposit in the state treasury the net proceeds of the lottery, which is the balance in

the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, 40 percent must be credited to the Minnesota environment and natural resources trust fund, and the remainder must be credited to the ~~general fund~~ special revenue fund created in section 16A.67, subdivision 3. Money created to the special revenue fund must be transferred to the debt service fund established in section 16A.67, subdivision 4, at the times and in the amounts determined by the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or before the tenth day of each month, any money in the special revenue fund not required to be transferred to the debt service fund must be transferred to the general fund.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective July 1, 1995.

ARTICLE 7

TACONITE TAX

Section 1. Minnesota Statutes 1994, section 298.01, subdivision 4, is amended to read:

Subd. 4. [OCCUPATION TAX; IRON ORE; TACONITE CONCENTRATES.] A person engaged in the business of mining or producing of iron ore ~~or~~, taconite concentrates or direct reduced ore in this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. The tax is in addition to all other taxes.

Sec. 2. Minnesota Statutes 1994, section 298.227, is amended to read:

298.227 [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the iron range resources and rehabilitation board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released only on the written authorization of a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The district 33 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. Each producer's joint committee may authorize release of the funds held pursuant to this section only for acquisition of equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology. Funds may be released only upon a majority vote of the representatives of the committee. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. Any portion of the fund which is not released by a joint committee within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. This section is effective for taxes payable in 1993 and 1994.

Sec. 3. Minnesota Statutes 1994, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in 1992, 1993, ~~and~~ 1994, and 1995 there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of $2.054 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in ~~1995~~ 1996 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by

the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of $2.054 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(f) (1) Notwithstanding any other provision of this subdivision, for ~~concentrates produced in 1994 through 1999~~ the first five years of a plant's production of direct reduced ore, the rate of the tax on direct reduced ore is determined under this paragraph. As used in this paragraph, "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. The rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision for the first 500,000 of taxable tons for the production year, and 50 percent of the rate otherwise determined for any remainder. If the taxpayer had no production in the two years prior to the the current production year, the tonnage eligible to be taxed at 25 percent of the rate otherwise determined under this subdivision is the first 166,667 tons. If the taxpayer had some production in the year prior to the current production year but no production in the second prior year, the tonnage eligible to be taxed at 25 percent of the rate otherwise determined under this subdivision is the first 333,333 tons.

(2) Production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite or iron sulfides.

Sec. 4. Minnesota Statutes 1994, section 298.25, is amended to read:

298.25 [TAXES ADDITIONAL TO OTHER TAXES.]

The taxes imposed under section 298.24 shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore. Except as herein otherwise provided, such taxes shall be in lieu of all other taxes upon such taconite ~~and~~, iron sulphides, and direct reduced ore or the lands in which they are contained, or upon the mining or quarrying thereof, or the production of concentrate or direct reduced ore therefrom, or upon the concentrate or direct reduced ore produced, or upon the machinery, equipment, tools, supplies and buildings used in such mining, quarrying or production, or upon the lands occupied by, or used in connection with, such mining, quarrying or production facilities. If electric or steam power for the mining, transportation or concentration of such taconite ~~or the~~, concentrates or direct reduced ore produced therefrom is generated in plants principally devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying, or production of taconite ~~and~~, taconite concentrates or direct reduced ore within the meaning of this section. If part of the power generated in such a plant is used for purposes other than the mining or concentration of taconite or direct reduced ore or the transportation or loading of taconite ~~or~~, the concentrates thereof or direct reduced ore, a proportionate share of the value of such generating facilities, equal to the proportion that the power used for such other purpose bears

to the generating capacity of the plant, shall be subject to the general property tax in the same manner as other property; provided, power generated in such a plant and exchanged for an equivalent amount of power which is used for the mining, transportation, or concentration of such taconite ~~or~~, concentrates or direct reduced ore produced therefrom, shall be considered as used for such purposes within the meaning of this section. Nothing herein shall prevent the assessment and taxation of the surface of reserve land containing taconite and not occupied by such facilities or used in connection therewith at the value thereof without regard to the taconite or iron sulphides therein, nor the assessment and taxation of merchantable iron ore or other minerals, or iron-bearing materials other than taconite or iron sulphides in such lands in the manner provided by law, nor the assessment and taxation of facilities used in producing sulphur or sulphur products from iron sulphide concentrates, or in refining such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws any property used for residential or townsite purposes, including utility services thereto.

Sec. 5. Minnesota Statutes 1994, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] (a) ~~10.4 cents per ton for distributions in 1993 and~~ 15.4 cents per ton for distributions in 1994, 1995, ~~and~~ 1996, and 1997 shall be paid to the taconite economic development fund. No distribution shall be made under this paragraph in any year in which total industry production falls below 30 million tons.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed $700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed $700,000.

Sec. 6. Minnesota Statutes 1994, section 298.296, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY LOAN AUTHORITY.] The board may recommend that up to $10,000,000 from the corpus of the trust may be used for loans as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan under this subdivision may not exceed $5,000,000 for any facility. The authority to make loans under this subdivision terminates December 31, ~~1995~~ 1997.

Sec. 7. [EFFECTIVE DATE.]

This article is effective for production years beginning after December 31, 1994.

ARTICLE 8

AIDS TO LOCAL GOVERNMENTS

Section 1. Minnesota Statutes 1994, section 465.795, subdivision 7, is amended to read:

Subd. 7. [SCOPE.] As used in sections 465.795 to 465.799 and sections 465.801 to ~~465.87~~ 465.88, the terms defined in this section have the meanings given them.

Sec. 2. Minnesota Statutes 1994, section 465.796, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF BOARD.] The board shall:

(1) accept applications from local government units for waivers of administrative rules and temporary, limited exemptions from enforcement of procedural requirements in state law as provided in section 465.797, and determine whether to approve, modify, or reject the application;

(2) accept applications for grants to local government units and related organizations proposing to design models or plans for innovative service delivery and management as provided in section 465.798 and determine whether to approve, modify, or reject the application;

(3) accept applications from local government units for financial assistance to enable them to plan for cooperative efforts as provided in section 465.799, and determine whether to approve, modify, or reject the application;

(4) accept applications from eligible local government units for service-sharing grants as provided in section 465.801, and determine whether to approve, modify, or reject the application;

(5) accept applications from counties, cities, and towns proposing to combine under sections 465.81 to ~~465.87~~ 465.88, and determine whether to approve or disapprove the application; ~~and~~

(6) make recommendations to the legislature for the authorization of pilot projects for the implementation of innovative service delivery activities that require statutory authorization;

(7) make recommendations to the legislature regarding the elimination of state mandates that inhibit local government efficiency, innovation, and cooperation~~.~~ by prescribing specific processes for achieving a desired outcome;

(8) investigate and review the role of unfunded state mandates in intergovernmental relations and assess their impact on state and local government objectives and responsibilities;

(9) make recommendations to the governor and the legislature regarding:

(i) allowing flexibility for local units of government in complying with specific unfunded state mandates for which terms of compliance are unnecessarily rigid or complex;

(ii) reconciling any two or more unfunded state mandates that impose contradictory or inconsistent requirements;

(iii) terminating unfunded state mandates that are duplicative, obsolete, or lacking in practical utility;

(iv) suspending, on a temporary basis, unfunded state mandates that are not vital to public health and safety and that compound the fiscal difficulties of local units of government, including recommendations for initiating the suspensions;

(v) consolidating or simplifying unfunded state mandates or the planning or reporting requirements of the mandates, in order to reduce duplication and facilitate compliance by local units of government with those mandates; and

(vi) establishing common state definitions or standards to be used by local units of government in complying with unfunded state mandates that use different definitions or standards for the same terms or principles; and

(10) identify relevant unfunded state mandates.

The duties imposed under clauses (8) to (10) shall be performed to the extent possible given existing resources. Each recommendation under clause (9) shall, to the extent practicable, identify the specific unfunded state mandates to which the recommendation applies. The commissioners or directors of state agencies responsible for the promulgation or enforcement of the unfunded mandates addressed in clauses (7) to (10) shall assign staff to assist the board in carrying out the board's duties under this section.

~~The board may purchase services from the metropolitan council in reviewing requests for waivers and grant applications.~~

Sec. 3. Minnesota Statutes 1994, section 465.797, subdivision 5, is amended to read:

Subd. 5. [CONDITIONS OF AGREEMENTS.] (a) If the board grants a request for a waiver or exemption, the board and the local government unit shall enter into an agreement providing for the delivery of the service or program that is the subject of the application. The agreement must specify desired outcomes and the means of measurement by which the board will determine whether the outcomes specified in the agreement have been met. The agreement must specify the duration of the waiver or exemption~~, which~~. The duration of a waiver from an administrative rule may be for no less than two years and no more than four years, subject to renewal if both parties

agree. An exemption from enforcement of a law terminates ten days after adjournment of the regular legislative session held during the calendar year following the year when the exemption is granted, unless the legislature has acted to extend or make permanent the exemption.

(b) If the board grants a waiver or exemption, it must report the waiver or exemption to the legislature, including the chairs of the governmental operations and appropriate policy committees in the house and senate, and the governor within 30 days.

(c) The board may reconsider or renegotiate the agreement if the rule or law affected by the waiver or exemption is amended or repealed during the term of the original agreement. A waiver of a rule under this section has the effect of a variance granted by an agency under section 14.05, subdivision 4. A local unit of government that is granted an exemption from enforcement of a procedural requirement in state law under this section is exempt from that law for the duration of the exemption. The board may require periodic reports from the local government unit, or conduct investigations of the service or program.

Sec. 4. Minnesota Statutes 1994, section 465.798, is amended to read:

465.798 [SERVICE BUDGET MANAGEMENT MODEL GRANTS.]

One or more local units of governments, an association of local governments, the metropolitan council, a local unit of government acting in conjunction with an organization or a state agency, or an organization established by two or more local units of government under a joint powers agreement may apply to the board of government innovation and management for a grant to be used to develop models for innovative service budget management. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. A copy of the application must be provided by the units to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

Proposed models may provide options to local governments, neighborhood or community organizations, or individuals for managing budgets for service delivery. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the model was not completed or implemented according to the terms of the grant agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed $50,000.

Sec. 5. Minnesota Statutes 1994, section 465.799, is amended to read:

465.799 [COOPERATION PLANNING GRANTS.]

Two or more local government units; an association of local governments; a local unit of government acting in conjunction with the metropolitan council, an organization, or a state agency; or an organization formed by two or more local units of government under a joint powers agreement may apply to the board of government innovation and cooperation for a grant to be used to develop a plan for intergovernmental cooperation in providing services. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. A copy of the application must be submitted by the applicants to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

The plan may include model contracts or agreements to be used to implement the plan. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the grantee has failed to implement the plan according to the terms

of the agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed $50,000.

Sec. 6. Minnesota Statutes 1994, section 465.801, is amended to read:

465.801 [SERVICE SHARING GRANTS.]

Two or more local units of government; an association of local governments; a local unit of government acting in conjunction with the metropolitan council, an organization, or a state agency; or an organization established by two or more local units of government under a joint powers agreement may apply to the board of government innovation and cooperation for a grant to be used to meet the start-up costs of providing shared services or functions. Agreements solely to make joint purchases are not sufficient to qualify under this section. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. A copy of the application must be provided by the applicants to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

The proposal must include plans fully to integrate a service or function provided by two or more local government units. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the grantee has failed to implement the plan according to the terms of the agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed $100,000.

Sec. 7. Minnesota Statutes 1994, section 465.81, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] Sections 465.81 to 465.87 establish procedures to be used by counties, cities, or towns that adopt by resolution an agreement providing a plan to provide combined services during an initial ~~two-year~~ cooperation period that may not exceed two years and then to merge into a single unit of government over the succeeding two-year period.

Sec. 8. Minnesota Statutes 1994, section 465.82, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF PLAN.] The plan ~~shall~~ must state:

(1) the specific cooperative activities the units will engage in during the first two years of the venture;

(2) the steps to be taken to effect the merger of the governmental units, ~~beginning in the third year of the process,~~ with completion no later than four years after the process begins;

(3) the steps by which a single governing body will be created~~. Notwithstanding any other law to the contrary, all current members of the governing bodies of the local government units that propose to combine under sections 465.81 to 465.87 may serve on the initial governing body of the combined unit, until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached~~;

(4) changes in services provided, facilities used, administrative operations and staffing to effect the preliminary cooperative activities and the final merger and a two-, five-, and ten-year projection of expenditures for each unit if it combined and if it remained separate;

(5) treatment of employees of the merging governmental units, specifically including provisions for reassigning employees, dealing with unions, and providing financial incentives to encourage early retirements;

(6) financial arrangements for the merger, specifically including responsibility for debt service on outstanding obligations of the merging entities;

(7) ~~two, five, and ten year projections prepared by the department of revenue at the request of the local government unit, of revenues, expenditures, and property taxes for each unit if it combined and if it remained separate~~ one- and two-year impact analysis, prepared by the granting state agency at the request of the local government unit, of major state aid revenues received for each unit if it combined and if it remained separate. This would also include an impact analysis, prepared by the department of revenue, of property tax revenue implications, if any, associated with tax increment financing districts and fiscal disparities resulting from the merger;

(8) procedures for a referendum to be held ~~prior to the year of~~ before the proposed combination to approve combining the local government units, specifically stating whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination would be needed to pass the referendum; and

(9) a time schedule for implementation.

Notwithstanding clause (3) or any other law to the contrary, all current members of the governing bodies of the local governmental units that propose to combine under sections 465.81 to 465.88 may serve on the initial governing body of the combined unit until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached.

Sec. 9. Minnesota Statutes 1994, section 465.84, is amended to read:

465.84 [REFERENDUM.]

During the first or second year of cooperation, and after approval of the plan by the ~~department~~ board under section 465.83, a referendum on the question of combination ~~shall~~ must be conducted. The referendum ~~shall~~ must be on a date called by the governing bodies of the units that propose to combine. The referendum ~~shall~~ must be conducted according to the Minnesota election law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted the following year. If the referendum fails again, the same question may not be submitted. Referendums shall be conducted on the same date in all local government units.

Sec. 10. Minnesota Statutes 1994, section 465.85, is amended to read:

465.85 [COUNTY AUDITOR TO PREPARE PLAT.]

Upon the request of two or more local government units that have adopted a resolution to cooperate and combine, the county auditor shall prepare a plat. If the proposed combined local government unit is located in more than one county, the request ~~shall~~ must be submitted to the county auditor of the county that has the greatest land area in the proposed district. The plat must show:

(1) the boundaries of each of the present units;

(2) the boundaries of the proposed unit;

(3) the boundaries of proposed election districts, if requested; and

(4) other information deemed pertinent by the governing bodies or the county auditor.

Sec. 11. Minnesota Statutes 1994, section 465.87, is amended to read:

465.87 [AIDS TO COOPERATING AND COMBINING UNITS.]

Subdivision 1. [ELIGIBILITY.] A local government unit is eligible to apply for aid under this section if the board has approved its plan to cooperate and combine under section 465.83.

Subd. 1a. [ADDITIONAL ELIGIBILITY.] A local government unit is eligible to apply for aid under this section if it has combined with another unit of government in accordance with any process within chapter 414 that results in the elimination of at least one local government unit and a copy of the municipal board's order combining the two units of government is forwarded to the board. If two units of government cooperate in the orderly annexation of the entire area of a third unit of government which has a population of at least 8,000 people, the two units of government are each eligible for the amount of aid specified in subdivision 2.

Subd. 1b. [APPLICATION PROCEDURES.] A local government unit covered by subdivision 1 may submit an application to the board along with the final plan for cooperation and combination required by section 465.83. A local government unit covered by subdivision 1a may submit an application to the board after the issuance of the municipal board's order combining the two units of government. The application must be on a form prescribed by the board and must specify the total amount of aid requested up to the maximum authorized by subdivision 2. The application must also include a detailed explanation of the need for the aid and provide a budget indicating how the requested aid would be used.

Subd. 1c. [AID AWARD.] The board may grant or deny an application for aid made by a local government unit under subdivision 1b. The board may also grant aid to an applicant in an amount that is less than the amount requested by the applicant. The board shall base its decision on the following criteria:

(1) whether the local government unit has adequately demonstrated that the requested aid is essential to accomplishing the proposed combination;

(2) whether the activities to be funded by the requested aid are directly related to the combination;

(3) whether other sources of funding for the activities identified in the application, including short-term cost savings, are available to the applicant as a direct result of the combination; and

(4) whether there are competing needs for the funding available to the board that would provide a greater public benefit than would be realized by the combination or activities described in the application.

The board may award money to an applicant for a period not to exceed four years. Any funding awarded for a period beyond the biennium in which an award is made, however, is contingent on future appropriations to the board.

Subd. 2. [AMOUNT OF AID.] The annual amount of aid to be paid to each eligible local government unit ~~is equal to~~ may not exceed the following per capita amounts, based on the combined population of the units, ~~not to exceed $100,000 per year for any unit~~ as estimated by the state demographer, or $100,000, whichever is less.

Combined Population after Combination	Aid Per Capita
0 - 2,500	$25
2,500 - 5,000	20
5,000 - 20,000	15
over 20,000	10

Payments ~~shall~~ must be made on the dates provided for payments of local government aid under section 477A.013, beginning in the year during which substantial cooperative activities under the plan initially occur, unless those activities begin after July 1, in which case the initial aid payment ~~shall~~ must be made in the following calendar year. Payments to a local government unit that qualifies for aid under subdivision 1a must be made on the dates provided for payments of local government aids under section 477A.013, beginning in the calendar year during which a combination in any form is expected to be ordered by the Minnesota municipal board as evidenced in a resolution adopted by July 1 by the affected local government units declaring their intent to combine. The resolutions must certify that the combination agreement addressing all issues relative to the combination is substantially complete. The total amount of aid paid may not exceed the amount appropriated to the board for purposes of this section.

Subd. 3. [TERMINATION OF AID; RECAPTURE.] If a second referendum under section 465.84 fails, or if an initial referendum fails and the governing body does not schedule a second referendum within one year after the first has failed, or if one or more of the local government units that proposed to combine terminates its participation in the cooperation or combination, no

additional aid ~~will~~ may be paid under this section. The amount previously paid under this section to a unit must be repaid if the governing body of the unit acts to terminate its current level of participation in the plan. The amount previously paid to the unit must be repaid in annual installments equal to the total amount paid to the unit for all years under ~~subdivision~~ subdivisions 1c and 2, divided by the number of years when payments were made.

Sec. 12. [465.88] [PLANNING AID FOR CONSOLIDATION STUDIES.]

Two local units of government with a combined population of 2,500 or less based on the most recent decennial census may apply to the board for aid to assist in the study of a possible consolidation or combination. To be eligible for receipt of aid under this section, the two local units of government must be subject to a municipal board motion to form a consolidation commission under section 414.041, subdivision 2, or the governing bodies of the local units of government must have approved a resolution expressing their intent to develop and submit a combination plan for consideration by the board. The application must be on a form prescribed by the board and must provide a proposed budget detailing how the requested aid shall be used. The governing bodies of the local units of government must also approve resolutions certifying that the requested aid is essential for paying a portion of the costs associated with the consolidation or combination study. The board may grant up to $10,000 in aid for each application received.

Sec. 13. Minnesota Statutes 1994, section 477A.011, subdivision 36, is amended to read:

Subd. 36. [CITY AID BASE.] (a) Except as provided in paragraphs (b) and (c), "city aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

(b) For aids payable in 1996 and thereafter, a city that in 1992 or 1993 transferred an amount from governmental funds to its sewer and water fund, which amount exceeded its net levy for taxes payable in the year in which the transfer occurred, has a "city aid base" equal to the sum of (i) its city aid base, as calculated under paragraph (a), and (ii) one-half of the difference between its city aid distribution under section 477A.013, subdivision 9, for aids payable in 1995 and its city aid base for aids payable in 1995.

(c) The city aid base for any city with a population less than 500 is increased by $40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $40,000 for aids payable in calendar year 1995 only, provided that:

(i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

(ii) the city portion of the tax capacity rate exceeds 100 percent; and

(iii) its city aid base is less than $60 per capita.

Sec. 14. Minnesota Statutes 1994, section 477A.0121, subdivision 4, is amended to read:

Subd. 4. [PUBLIC DEFENDER COSTS.] Each calendar year, ~~four~~ two percent of the total appropriation for this section shall be retained by the commissioner of revenue to make reimbursements to the commissioner of finance for payments made under section 611.27. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county criminal justice aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

Sec. 15. Minnesota Statutes 1994, section 477A.0132, is amended to read:

477A.0132 [AID REDUCTIONS TO LOCAL GOVERNMENTS.]

Subdivision 1. [AFFECTED LOCAL GOVERNMENTS.] The following ~~permanent and nonpermanent~~ reductions shall be made in aids paid to the following local units of government:

(a) For aids payable in ~~1992~~ 1996, there shall be a ~~permanent~~ nonpermanent reduction in aids to counties, cities, towns, and special taxing districts of ~~$86,000,000. For purposes of this reduction, hospital districts are not considered special taxing districts~~ $16,000,000, provided that section 25, subdivision 1, is enacted; otherwise the reduction is $14,000,000.

(b) Aid reductions required under section 16A.711, subdivision 5, shall be nonpermanent reductions in aids to counties, cities, towns, and special taxing districts equal to the difference between the aid amounts certified to be paid and the amount of the appropriation to pay the aids.

(c) For aids payable in 1996 there shall be a permanent reduction in aids to counties of $10,000,000, provided that section 16 is enacted.

Subd. 2. [CALCULATION OF AID REDUCTION.] The aid reduction to each local government as provided under subdivision 1 will be equal to the product of the reduction percentage and its reduction base. The reduction base is defined as the following:

(a) For subdivision 1, clause (a), the reduction base is equal to the adjusted revenue base for ~~1992~~ 1996.

(b) For subdivision 1, clause (b), the reduction base is equal to the adjusted revenue base for the year in which the aid payment is to be made.

(c) For subdivision 1, clause (c), the reduction base is a county's aid in calendar year 1996 under section 477A.0121.

Reductions under subdivisions 1, paragraph (a), and 2, paragraph (a), to any individual county, city, or town are limited to an amount equal to 0.45 percent of the unit's 1994 adjusted net tax capacity. For this subdivision, "adjusted net tax capacity" means the political subdivision's net tax capacity calculated using the method for calculating city net tax capacity under section 477A.011, subdivision 20.

Subd. 3. [ORDER OF AID REDUCTIONS.] (a) The aid reduction to a local government calculated under subdivisions 1, paragraphs (a) and (c), and 2, paragraphs (a) and (c), is applied to homestead and agricultural credit aid under section 273.1398 only.

(b) The aid reduction to a local government as calculated under other paragraphs of subdivisions 1 and 2, is first applied to its local government aid under sections 477A.012 and 477A.013 excluding aid under section 477A.013, subdivision 5; then, if necessary, to its equalization aid under section 477A.013, subdivision 5; then if necessary, to its homestead and agricultural credit aid under section 273.1398, subdivision 2; and then, if necessary, to its disparity reduction aid under section 273.1398, subdivision 3. No aid payment may be less than $0. Aid reductions under this section in any given year shall be divided equally between the July and December aid payments unless specified otherwise.

Sec. 16. Minnesota Statutes 1994, section 477A.03, subdivision 2, is amended to read:

Subd. 2. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue. For aids payable in 1996 and thereafter, the total aids paid under sections 477A.013, subdivision 9, ~~477A.0121,~~ and 477A.0122 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. Aid payments to counties under section 477A.0121 are limited to $20,265,000 in 1996. For aid payable in 1997 and thereafter, the total aids paid under section 477A.0121 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

Sec. 17. Laws 1994, chapter 587, article 3, section 21, is amended to read:

Sec. 21. [REPEALER.]

(a) Minnesota Statutes 1992, sections 3.862 and 477A.012, subdivision 6 are repealed.

(b) Minnesota Statutes 1992, sections 16A.711, 273.1381, and 273.1398, subdivision 7, ~~and 477A.0132, as amended by Laws 1994, chapter 416, article 1, section 60~~; and Minnesota Statutes

1993 Supplement, sections 16A.712, 256E.06, subdivision 12, 273.166, subdivision 4, 290A.23, subdivision 2, 477A.03, subdivision 1, and Laws 1973, chapter 650, article 24, section 6, as amended by Laws 1974, chapter 257, section 4 are repealed.

Sec. 18. [AID ADJUSTMENT.]

Homestead and agricultural credit aid under Minnesota Statutes, section 273.1398, subdivisions 2 and 8, for any statutory city incorporated after January 1, 1975, which is located in a county containing a city of the first class which is not a metropolitan county under Minnesota Statutes, section 473.121, subdivision 4, shall be permanently increased by $200,000, beginning with aids payable in 1996.

Sec. 19. [HACA REDUCTION; HENNEPIN COUNTY COURT EMPLOYEES.]

Subdivision 1. [HACA REDUCTION.] There shall be deducted from the homestead and agricultural credit aid payments to Hennepin county under Minnesota Statutes, section 273.1398, an amount equal to $180,000, which represents the cost to the state for the assumption of two Hennepin county staff attorneys whose job functions are that of court referees and whose positions should have been transferred to the state as part of the court takeover in Laws 1989, First Special Session chapter 1, article 4. One-half of the total amount shall be deducted from each of the aid payments made in 1995 to Hennepin county under Minnesota Statutes, section 273.1398. The amount of reduction made under this section shall be a permanent aid reduction.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective for aid payments made to Hennepin county in 1995 provided, however, that the aid reduction made under subdivision 1 is contingent upon enactment of a law in 1995 which (i) transfers the Hennepin county positions, and (ii) provides from the general fund a funding to the state supreme court for the positions.

Sec. 20. [HACA ADJUSTMENT; DAKOTA COUNTY.]

Subdivision 1. [HACA ADJUSTMENT.] The homestead and agricultural credit aid offset for the 1996 public defender costs for Dakota county shall be changed from the $644,000 amount as contained in Minnesota Statutes 1994, section 477A.012, subdivision 7, paragraph (b), to a corrected amount of $492,000. The $152,000 adjustment results from an incorrect estimate of Dakota county's public defender costs which were transferred to the state under Laws 1994, chapter 636, article 11, section 1. The adjustment amount of $152,000 provided for under this section is a permanent aid increase to Dakota county made under Minnesota Statutes, section 273.1398, subdivision 2.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective for homestead and agricultural credit aid paid to Dakota county beginning in calendar year 1996 and subsequent years.

Sec. 21. [HACA ADJUSTMENT; ANOKA COUNTY.]

Subdivision 1. [HACA ADJUSTMENT.] The homestead and agricultural credit aid offset for the 1996 public defender costs for Anoka county shall be changed from the $634,000 amount as contained in Minnesota Statutes 1994, section 477A.012, subdivision 7, paragraph (b), to a corrected amount of $472,000. The $162,000 adjustment results from an incorrect estimate of Anoka county's public defender costs which were transferred to the state under Laws 1994, chapter 636, article 11, section 1. The adjustment amount of $162,000 provided for under this section is a permanent aid increase to Anoka county made under Minnesota Statutes, section 273.1398, subdivision 2.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective for homestead and agricultural credit aid paid to Anoka county beginning in calendar year 1996 and subsequent years.

Sec. 22. [STUDY OF LOCAL GOVERNMENT AID DISTRIBUTION PROGRAMS AND GOVERNMENT SERVICE DELIVERY.]

By July 1, 1995, the legislative commission on planning and fiscal policy or its successor entity shall establish a subcommittee to study: (1) alternative methods of distributing general purpose aids to units of local governments; and (2) approaches to maximizing the efficiency and effectiveness of local government service delivery. For purposes of the study, each home rule

charter or statutory city and county shall provide the subcommittee with information and analysis as requested by the subcommittee. The subcommittee shall notify each city and county that is required to submit information no later than 60 days before the report is due. If a city or county fails to submit when due a report that satisfies the subcommittee, the subcommittee may recommend that the legislature impose a financial penalty on the city or county.

By February 1, 1996, the subcommittee shall report the findings of the study to the legislative commission on planning and fiscal policy or its successor entity and to the chairs of the house and senate tax committees, along with recommendations for reforms in aid distribution and government service delivery systems.

Sec. 23. [REPORT ON UNFUNDED STATE MANDATES.]

The board of government innovation and cooperation shall prepare and distribute a report to the governor and legislature by January 15, 1996, containing recommended legislation to accomplish the goals of Minnesota Statutes, section 465.796, subdivision 2, clauses (8) to (10).

Sec. 24. [STUDY ON CONSOLIDATING COUNTIES AND RATIONALIZING OTHER INTERNAL BOUNDARIES.]

The board of government innovation and cooperation shall study, to the extent possible given available resources, the feasibility of consolidating counties in the state. As part of the study, the board shall consider conforming county boundaries to other existing physical or organizational boundaries including, among others, state judicial districts, and shall consider the economic implications that may result from the consolidation.

The study shall also include a consideration of the rationalization of other internal boundaries of the state such as highway maintenance and regional economic districts.

The board shall report on the study to the appropriate committees of the legislature by January 15, 1997.

Sec. 25. [APPROPRIATION.]

Subdivision 1. $2,000,000 is appropriated to the board of government innovation and cooperation from the general fund, with $1,000,000 to be available for fiscal year 1996 and $1,000,000 to be available for fiscal year 1997. At least 50 percent of the amount appropriated must be used to provide aids to cooperating and combining local government units under Minnesota Statutes, section 465.87. Any amount of the appropriation to the board of government innovation and cooperation under Laws 1993, chapter 375, article 15, section 15, that is unexpended on June 30, 1995, shall remain available for expenditure by the board until June 30, 1997.

Subd. 2. An amount sufficient to pay the additional aid under section 13, paragraph (c), in calendar year 1995 is appropriated from the local government trust fund to the commissioner of revenue.

Sec. 26. [EFFECTIVE DATES.]

Section 13 is effective for aids payable in 1995 and thereafter.

Sections 14 to 16, and 18 are effective for aids payable in 1996.

Section 17 is effective the day after final enactment.

Sections 22 and 25 are effective July 1, 1995.

ARTICLE 9

MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 14.61, is amended to read:

14.61 [AGENCY DECISION IN CONTESTED CASE.]

In all contested cases the decision of the officials of the agency who are to render the final decision shall not be made until the report of the administrative law judge as required by sections 14.48 to 14.56, has been made available to parties to the proceeding for at least ten days and an opportunity has been afforded to each party adversely affected to file exceptions and present argument to a majority of the officials who are to render the decision. This section does not apply to a contested case under which the report or order of the administrative law judge constitutes the final decision in the case.

Sec. 2. Minnesota Statutes 1994, section 14.62, is amended by adding a subdivision to read:

Subd. 4. [APPLICABILITY.] This section does not apply to a contested case under which the report or order of the administrative law judge constitutes the final decision in the case.

Sec. 3. Minnesota Statutes 1994, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES.] (a) On or before April 1, June 1, and December 1 of each year, every domestic and foreign company, including town and farmers' mutual insurance companies, domestic mutual insurance companies, marine insurance companies, health maintenance organizations, integrated service networks, community integrated service networks, and nonprofit health service plan corporations, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year. Except as provided in paragraphs ~~(b)~~ (d) and (e), installments must be based on a sum equal to two percent of the premiums described in paragraph ~~(c)~~ (b).

(b) ~~For town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) whose total assets on December 31, 1989, exceeded $1,600,000,000, the installments must be based on an amount equal to the following percentages of the premiums described in paragraph (c):~~

~~(1) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and~~

~~(2) for premiums paid after December 31, 1991, one half of one percent.~~

~~(c)~~ Installments under paragraph (a), ~~(b)~~ (d), or (e) are percentages of gross premiums less return premiums on all direct business received by the insurer in this state, or by its agents for it, in cash or otherwise, during such year.

~~(d)~~ (c) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section, unless the total tax for the current tax year is $500 or less.

~~(e)~~ (d) For health maintenance organizations, nonprofit health services plan corporations, integrated service networks, and community integrated service networks, the installments must be based on an amount equal to one percent of premiums described in paragraph ~~(c)~~ (b) that are paid after December 31, 1995.

(e) For purposes of computing installments for town and farmers' mutual insurance companies and for mutual property casualty companies with total assets on December 31, 1989, of $1,600,000,000 or less, the following rates apply:

(1) for all life insurance, two percent;

(2) for town and farmers' mutual insurance companies and for mutual property and casualty companies with total assets of $5,000,000 or less, on all other coverages, one percent; and

(3) for mutual property and casualty companies with total assets on December 31, 1989, of $1,600,000,000 or less, on all other coverages, 1.26 percent.

(f) Premiums under medical assistance, the MinnesotaCare program, and the Minnesota comprehensive health insurance plan are not subject to tax under this section.

Sec. 4. Minnesota Statutes 1994, section 69.021, subdivision 2, is amended to read:

Subd. 2. [REPORT OF PREMIUMS.] Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner with its annual financial statement the reports described in subdivision 1 certified by its secretary and president or chief financial officer. The Minnesota Firetown Premium Report shall contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums shall be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner. The Minnesota Aid to Police Premium Report shall contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f)~~, except that domestic mutual insurance companies must not file a report~~.

Sec. 5. Minnesota Statutes 1994, section 69.021, subdivision 5, is amended to read:

Subd. 5. [CALCULATION OF STATE AID.] (a) The amount of fire state aid available for apportionment shall be ~~two~~ equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount shall be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

(b) The total amount for apportionment in respect to peace officer state aid is equal to 104 percent of the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report, plus the payment amounts received under section 60A.152 since the last aid apportionment, and reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the police relief associations. The total amount for apportionment in respect to firefighters state aid shall not be ~~greater or lesser~~ less than ~~the amount of premium taxes paid to the state upon~~ two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting (1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations, and (2) one percent of the premiums reported by town and farmers' mutual insurance companies and mutual property and casualty companies with total assets of $5,000,000 or less. The total amount for apportionment in respect to the police state aid program shall not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report after subtracting the amount required to pay the state auditor's cost and expenses of the audits or exams of the police relief associations. The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

Sec. 6. Minnesota Statutes 1994, section 270A.07, subdivision 2, is amended to read:

Subd. 2. [SETOFF PROCEDURES.] (a) The commissioner, upon receipt of notification, shall initiate procedures to detect any refunds otherwise payable to the debtor. When the commissioner determines that a refund is due to a debtor whose debt was submitted by a claimant agency, the commissioner shall first deduct the fee in subdivision 1 and then remit the refund or the amount claimed, whichever is less, to the agency. In transferring or remitting moneys to the claimant agency, the commissioner shall provide information indicating the amount applied against each debtor's obligation and the debtor's address listed on the tax return.

(b) The commissioner shall remit to the debtor the amount of any refund due in excess of the debt submitted for setoff by the claimant agency. Notice of the amount setoff and address of the claimant agency shall accompany any disbursement to the debtor of the balance of a refund. The notice shall also advise the debtor of the right to contest the validity of the claim, other than a claim based upon child support under section 518.171, 518.54, 518.551, or chapter 518C at a

hearing, subject to the restrictions in this paragraph. The debtor must assert this right by written request to the claimant agency, which request the claimant agency must receive within 45 days of the date of the notice. This right does not apply to (1) issues relating to the validity of the claim that have been previously raised at a hearing under this section or section 270A.09; (2) issues relating to the validity of the claim that were not timely raised by the debtor under section 270A.08, subdivision 2; or (3) issues relating to the validity of the claim for which a hearing is discretionary under section 270A.09.

Sec. 7. Minnesota Statutes 1994, section 270A.09, is amended by adding a subdivision to read:

Subd. 3. [CONTESTED CASE; FINAL DECISION.] The report of the administrative law judge shall contain a decision and order, which constitute the final decision in the contested case. A copy of the decision and order shall be served by first class mail upon each party, the commissioner of revenue, and the attorney general. Fees and expenses may be awarded as provided in sections 15.471 to 15.475. The provisions for judicial review under sections 14.63 to 14.68 apply to decisions of the administrative law judge under this subdivision.

Sec. 8. Minnesota Statutes 1994, section 270A.11, is amended to read:

270A.11 [DATA PRIVACY.]

Private and confidential data on individuals may be exchanged among the department, the taxpayer's rights advocate, the attorney general, the claimant agency, and the debtor as necessary to accomplish and effectuate the intent of sections 270A.01 to 270A.12, as provided by section 13.05, subdivision 4, clause (b). The department may disclose to the claimant agency only the debtor's name, address, social security number and the amount of the refund, and in the case of a joint return, the name of the debtor's spouse. Any person employed by, or formerly employed by, a claimant agency who discloses any such information for any other purpose, shall be subject to the civil and criminal penalties of section 270B.18.

Sec. 9. Minnesota Statutes 1994, section 349.12, subdivision 25, is amended to read:

Subd. 25. [LAWFUL PURPOSE.] (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) organization, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a recognized program for the treatment of compulsive gambling on behalf of an individual who is a compulsive gambler;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per occasion reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

(i) members of a military marching or colorguard unit for activities conducted within the state; or

(ii) members of an organization solely for services performed by the members at funeral services;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization paying the taxes, not to exceed:

(i) ~~the amount which an organization may expend under board rule on rent~~ for premises used for bingo, the amount which an organization may expend under board rules on rent for bingo; ~~or~~ and

(ii) ~~$15,000~~ $35,000 per year for premises used for other forms of lawful gambling~~;~~:

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) payment of one-half of the reasonable costs of an audit required in section 297E.06, subdivision 4;

(13) a contribution to or expenditure on a wildlife management project that benefits the public at-large, provided that the state agency with authority over that wildlife management project approves the project before the contribution or expenditure is made; or

(14) expenditures, approved by the commissioner of natural resources, by an organization for grooming and maintaining snowmobile trails that are (1) grant-in-aid trails established under section 116J.406, or (2) other trails open to public use, including purchase or lease of equipment for this purpose.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund.

Sec. 10. [410.325] [TAX ANTICIPATION CERTIFICATES.]

Notwithstanding a contrary provision of other law or charter, a home rule charter city may issue tax anticipation certificates in the manner and subject to the limitations applicable to statutory cities under section 412.261. The certificates may also be issued in anticipation of federal and state aids, but the total amount of certificates issued against any fund for any year with interest on them must not exceed any limits in the charter relating to the total of the anticipated tax levy and the anticipated state aids for any fund not yet collected or received.

Sec. 11. [PIPESTONE COUNTY; AUTHORIZATION.]

The county of Pipestone may issue its general obligation bonds in a principal amount of not to exceed $598,000 to defray the expense of repair and renovation of the county courthouse and courthouse annex. The bonds shall be issued in accordance with Minnesota Statutes, chapter 475. No further election proceedings are required. Minnesota Statutes, section 275.61, shall apply to taxes levied to pay the bonds as if the bonds were required to be approved and were approved by the voters.

Sec. 12. [MORRISON COUNTY; FAIRGROUND IMPROVEMENT BONDS; REFERENDUM.]

Morrison county may issue its general obligation bonds in a principal amount of not to exceed $1,200,000 for county fairground improvements, under Minnesota Statutes, sections 373.40 to 373.42 and chapter 475. However, the bonds may be issued only after an election has been held on the question under Minnesota Statutes, section 475.58, and the voters have approved the bond issue.

Sec. 13. [STUDY OF REVENUE RECAPTURE.]

The commissioner of revenue, in consultation with the attorney general, shall study the compliance of claimant agencies with the requirements of the revenue recapture act. The study shall consider the number and nature of complaints by taxpayers with regard to claims of specific claimant agencies, and evaluate the general issues raised in those complaints. On or before January 15, 1996, the commissioner shall report the results of the study to the chairs of the house of representatives committee on taxes and the senate committee on taxes and tax laws. The report shall include recommendations to strengthen compliance by claimant agencies with the revenue recapture act.

Sec. 14. [APPROPRIATION.]

$150,000 is appropriated from the general fund to the commissioner of revenue to conduct the Minnesota-Wisconsin individual income tax reciprocity rebenchmark study. $50,000 is appropriated for the fiscal year ending June 30, 1996, and $100,000 is appropriated for the fiscal year ending June 30, 1997.

Sec. 15. [EFFECTIVE DATES.]

Sections 3 and 4 are effective retroactively to January 1, 1995. Section 5 is effective January 1,

1996. Section 11 takes effect the day after the Pipestone county board complies with Minnesota Statutes, section 645.021, subdivision 3. Section 12 is effective the day after the county board of Morrison county complies with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 10

REVENUE POLICY INITIATIVES

INCOME AND BUSINESS TAXES

Section 1. Minnesota Statutes 1994, section 289A.18, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING RETURNS, ENTERTAINER WITHHOLDING RETURNS, RETURNS FOR WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING RETURNS FROM PARTNERSHIPS AND S CORPORATIONS.] Withholding returns are due on or before the last day of the month following the close of the quarterly period. However, if the return shows timely deposits in full payment of the taxes due for that period, the ~~return~~ returns for the first, second, and third quarters may be filed on or before the tenth day of the second calendar month following the period and the return for the fourth quarter may be filed on or before the 28th day of the second calendar month following the period. An employer, in preparing a quarterly return, may take credit for monthly deposits previously made for that quarter. Entertainer withholding tax returns are due within 30 days after each performance. Returns for withholding from payments to out-of-state contractors are due within 30 days after the payment to the contractor. Returns for withholding by partnerships are due on or before the due date specified for filing partnership returns. Returns for withholding by S corporations are due on or before the due date specified for filing corporate franchise tax returns.

Sec. 2. Minnesota Statutes 1994, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b) An employer who, during the previous quarter, withheld more than ~~$500~~ $1,500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Treasury Regulation, section 31.6302-1, without regard to the safe harbor or de minimus rules in subparagraph (f) or the one-day rule in subsection (c), clause (3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds ~~$120,000~~ $50,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as

defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

(f) Providers of payroll services who remit withholding deposits on behalf of 50 or more employers, or on behalf of any employer with aggregate amounts over the threshold in paragraph (e), must remit all deposits by means of a funds transfer as provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal year for all of the employers.

Sec. 3. Minnesota Statutes 1994, section 289A.38, subdivision 7, is amended to read:

Subd. 7. [FEDERAL TAX CHANGES.] If the amount of income, items of tax preference, deductions, or credits for any year of a taxpayer as reported to the Internal Revenue Service is changed or corrected by the commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in income, items of tax preference, deductions, or credits, or, in the case of estate tax, where there are adjustments to the taxable estate resulting in a change to the credit for state death taxes, the taxpayer shall report the change or correction or renegotiation results in writing to the commissioner~~, in the form required by the commissioner~~. The report must be submitted within ~~90~~ 180 days after the final determination and must ~~concede the accuracy of the determination or state how it is wrong~~ be in the form of either an amended Minnesota return conceding the accuracy of the federal determination or a letter detailing how the federal determination is incorrect or does not change the Minnesota tax. A taxpayer filing an amended federal tax return must also file a copy of the amended return with the commissioner of revenue within ~~90~~ 180 days after filing the amended return.

Sec. 4. Minnesota Statutes 1994, section 289A.55, subdivision 7, is amended to read:

Subd. 7. [INSTALLMENT PAYMENTS; ESTATE TAX.] Interest must be paid on unpaid installment payments of the tax authorized under section 289A.30, subdivision 2, beginning on the date the tax was due without regard to extensions allowed or extensions elected, at the rate ~~of interest in effect under~~ given in section 270.75~~, nine months following the date of death~~.

Sec. 5. Minnesota Statutes 1994, section 289A.60, is amended by adding a subdivision to read:

Subd. 24. [PENALTY FOR FAILURE TO NOTIFY OF FEDERAL CHANGE.] If a person fails to report to the commissioner a change or correction of the person's federal return in the manner and time prescribed in section 289A.38, subdivision 7, there must be added to the tax an amount equal to ten percent of the amount of any underpayment of Minnesota tax attributable to the federal change.

Sec. 6. Minnesota Statutes 1994, section 290.01, subdivision 7b, is amended to read:

Subd. 7b. [RESIDENT TRUST.] Resident trust means a trust, except a grantor type trust, which ~~is administered in this state~~ either (1) was created by a will of a decedent who at his or her death was domiciled in this state or (2) is an irrevocable trust, the grantor of which was domiciled in this state at the time the trust became irrevocable. For the purpose of this subdivision, a trust is considered irrevocable to the extent the grantor is not treated as the owner thereof under sections 671 to 678 of the Internal Revenue Code. The term "grantor type trust" means a trust where the income or gains of the trust are taxable to the grantor or others treated as substantial owners under sections 671 to 678 of the Internal Revenue Code.

Sec. 7. Minnesota Statutes 1994, section 290.015, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Except as provided in subdivision 3, a person that conducts a trade or business that has a place of business in this state, regularly has employees or independent contractors conducting business activities on its behalf in this state, or owns or leases real property located in this state or tangible personal property located in this state as defined in section 290.191, subdivision 6, paragraph (e), is subject to the taxes imposed by this chapter.

(b) Except as provided in subdivision 3, a person that conducts a trade or business not described

in paragraph (a) is subject to the taxes imposed by this chapter if the trade or business obtains or regularly solicits business from within this state, without regard to physical presence in this state.

(c) For purposes of paragraph (b), business from within this state includes, but is not limited to:

(1) sales of products or services of any kind or nature to customers in this state who receive the product or service in this state;

(2) sales of services which are performed from outside this state but the ~~benefits of which~~ services are ~~consumed~~ received in this state;

(3) transactions with customers in this state that involve intangible property and result in income flowing to the person from within this state as provided in section 290.191;

(4) leases of tangible personal property that is located in this state as defined in section 290.191, subdivision 6, paragraph (e);

(5) sales and leases of real property located in this state; and

(6) if a financial institution, deposits received from customers in this state.

(d) For purposes of paragraph (b), solicitation includes, but is not limited to:

(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals, the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition of which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota, but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

(8) any other solicitation by telegraph, telephone, computer database, cable, optic, microwave, or other communication system.

Sec. 8. Minnesota Statutes, 1994, section 290.067, subdivision 1, as amended by Laws 1995, chapter 1, section 4, is amended to read:

Subdivision 1. [AMOUNT OF CREDIT.] (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code subject to the limitations provided in subdivision 2 except that in determining whether the child qualified as a dependent, income received as an aid to families with dependent children grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal Revenue Code do not apply.

(b) If a child who ~~is six years of age or less~~ has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal

Revenue Code. If the child is older than 16 months of age but ~~not older than six years of age~~ has not attained the age of six years at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(c) If a married couple:

(1) has a child who has not attained the age of one year at the close of the taxable year;

(2) files a joint tax return for the taxable year; and

(3) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the combined earned income of the couple or (ii) $2,400 will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter, the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

Sec. 9. Minnesota Statutes 1994, section 290.191, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Except as otherwise provided in section 290.17, subdivision 5, the net income from a trade or business carried on partly within and partly without this state must be apportioned to this state as provided in this section.

(b) For purposes of this section, "state" means a state of the United States, the District of Columbia, the commonwealth of Puerto Rico, or any territory or possession of the United States or any foreign country.

Sec. 10. Minnesota Statutes 1994, section 290.191, subdivision 5, is amended to read:

Subd. 5. [DETERMINATION OF SALES FACTOR.] For purposes of this section, the following rules apply in determining the sales factor.

(a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:

(1) interest;

(2) dividends;

(3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

(4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased;

(5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock; and

(6) royalties, fees, or other like income of a type which qualify for a subtraction from federal taxable income under section 290.01, subdivision 19(d)(11).

(b) Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, and the taxpayer is taxable in this state, regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.

(g) Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment is located in this state if:

(1) the operation of the property is entirely within this state; or

(2) the operation of the property is in two or more states and the principal base of operations from which the property is sent out is in this state.

(h) Royalties and other income not described in paragraph (a), clause (6), received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

(j) Receipts from the performance of services must be attributed to the state ~~in which the benefits of~~ where the services are ~~consumed~~ received. ~~If the benefits are consumed in more than one state, the receipts from those benefits must be apportioned to this state pro rata according to the portion of the benefits consumed in this state. If the extent to which the benefits of services are consumed in this state is not readily determinable, the benefits of the~~ For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of doing business, the services shall be

deemed to be ~~consumed~~ received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the ~~benefits of the~~ services shall be deemed to be ~~consumed~~ received at the office of the customer to which the services are billed.

Sec. 11. Minnesota Statutes 1994, section 290.191, subdivision 6, is amended to read:

Subd. 6. [DETERMINATION OF RECEIPTS FACTOR FOR FINANCIAL INSTITUTIONS.] (a) For purposes of this section, the rules in this subdivision and ~~subdivisions 7 and~~ subdivision 8 apply in determining the receipts factor for financial institutions.

(b) "Receipts" for this purpose means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the taxpayer's trade or business.

(c) "Money market instruments" means federal funds sold and securities purchased under agreements to resell, commercial paper, banker's acceptances, and purchased certificates of deposit and similar instruments to the extent that the instruments are reflected as assets under generally accepted accounting principles.

(d) "Securities" means United States Treasury securities, obligations of United States government agencies and corporations, obligations of state and political subdivisions, corporate stock, bonds, and other securities, participations in securities backed by mortgages held by United States or state government agencies, loan-backed securities and similar investments to the extent the investments are reflected as assets under generally accepted accounting principles.

(e) Receipts from the lease or rental of real or tangible personal property, including both finance leases and true leases, must be attributed to this state if the property is located in this state. Tangible personal property that is characteristically moving property, such as motor vehicles, rolling stock, aircraft, vessels, mobile equipment, and the like, is considered to be located in a state if:

(1) the operation of the property is entirely within the state; or

(2) the operation of the property is in two or more states, but the principal base of operations from which the property is sent out is in the state.

(f) Interest income and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property must be attributed to this state if the security property is located in this state under the principles stated in paragraph (e).

(g) Interest income and other receipts from consumer loans not secured by real or tangible personal property that are made to residents of this state, whether at a place of business, by traveling loan officer, by mail, by telephone or other electronic means, must be attributed to this state.

(h) Interest income and other receipts from commercial loans and installment obligations that are unsecured by real or tangible personal property or secured by intangible property must be attributed to this state if the proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the income and receipts are attributed to the state in which the office of the borrower from which the application would be made in the regular course of business is located. If this cannot be determined, the transaction is disregarded in the apportionment formula.

(i) Interest income and other receipts from a participating financial institution's portion of participation and syndication loans must be attributed under paragraphs (e) to (h). A participation loan is an arrangement in which a lender makes a loan to a borrower and then sells, assigns, or otherwise transfers all or a part of the loan to a purchasing financial institution. A syndication loan is a loan transaction involving multiple financial institutions in which all the lenders are named as parties to the loan documentation, are known to the borrower, and have privity of contract with the borrower.

(j) Interest income and other receipts including service charges from financial institution credit

card and travel and entertainment credit card receivables and credit card holders' fees must be attributed to the state to which the card charges and fees are regularly billed.

(k) Merchant discount income derived from financial institution credit card holder transactions with a merchant must be attributed to the state in which the merchant is located. In the case of merchants located within and outside the state, only receipts from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Receipts from the performance of fiduciary and other services must be attributed to the state in which ~~the benefits of~~ the services are ~~consumed~~ received. ~~If the benefits are consumed in more than one state, the receipts from those benefits must be apportioned to this state pro rata according to the portion of the benefits consumed in this state.~~ For the purposes of this section, services provided to a corporation, partnership, or trust must be attributed to a state where it has a fixed place of doing business. If the ~~extent to which the benefits of~~ state where the services are ~~consumed in this state~~ received is not readily determinable or is a state where the corporation, partnership, or trust does not have a fixed place of doing business, the ~~benefits of the~~ services shall be deemed to be ~~consumed~~ received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the ~~benefits of the~~ services shall be deemed to be ~~consumed~~ received at the office of the customer to which the services are billed.

(m) Receipts from the issuance of travelers checks and money orders must be attributed to the state in which the checks and money orders are purchased.

(n) Receipts from investments of a financial institution in securities and from money market instruments must be apportioned to this state based on the ratio that total deposits from this state, its residents, including any business with an office or other place of business in this state, its political subdivisions, agencies, and instrumentalities bear to the total deposits from all states, their residents, their political subdivisions, agencies, and instrumentalities. In the case of an unregulated financial institution subject to this section, these receipts are apportioned to this state based on the ratio that its gross business income, excluding such receipts, earned from sources within this state bears to gross business income, excluding such receipts, earned from sources within all states. For purposes of this subdivision, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities must be attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state.

(o) A financial institution's interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets in the nature of securities or money market instruments are included in paragraph (n).

Sec. 12. Minnesota Statutes 1994, section 290.92, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (1) [WAGES.] For purposes of this section, the term "wages" means the same as that term is defined in section 3401(a) and (f) of the Internal Revenue Code~~, except wages shall not include agricultural labor as defined in section 3121(g) of the Internal Revenue Code~~.

(2) [PAYROLL PERIOD.] For purposes of this section the term "payroll period" means a period for which a payment of wages is ordinarily made to the employee by the employee's employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(3) [EMPLOYEE.] For purposes of this section the term "employee" means any resident individual performing services for an employer, either within or without, or both within and without the state of Minnesota, and every nonresident individual performing services within the state of Minnesota, the performance of which services constitute, establish, and determine the relationship between the parties as that of employer and employee. As used in the preceding sentence, the term "employee" includes an officer of a corporation, and an officer, employee, or elected official of the United States, a state, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

(4) [EMPLOYER.] For purposes of this section the term "employer" means any person, including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies, and corporations transacting business in or deriving any income from sources within the state of Minnesota for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that if the person for whom the individual performs or performed the services does not have legal control of the payment of the wages for such services, the term "employer," except for purposes of paragraph (1), means the person having legal control of the payment of such wages. As used in the preceding sentence, the term "employer" includes any corporation, individual, estate, trust, or organization which is exempt from taxation under section 290.05 and further includes, but is not limited to, officers of corporations who have legal control, either individually or jointly with another or others, of the payment of the wages.

(5) [NUMBER OF WITHHOLDING EXEMPTIONS CLAIMED.] For purposes of this section, the term "number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under subdivision 5, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

Sec. 13. Minnesota Statutes 1994, section 290.9201, subdivision 3, is amended to read:

Subd. 3. [CREDIT AGAINST TAX.] Each calendar year an entertainment entity may take a nonrefundable credit of ~~$100~~ $120 against the tax imposed by this section.

Sec. 14. [OMISSIONS FROM INHERITANCE OR ESTATE TAX RETURN.]

Effective for decedents dying before August 1, 1990, the provisions of Minnesota Statutes, section 289A.38, subdivision 6, apply to assets omitted from an inheritance tax return or estate tax return rather than the provisions of Minnesota Statutes 1988, section 291.11, subdivision 1, clause (2)(c).

Sec. 15. [EFFECTIVE DATE.]

Section 1 is effective for returns due after December 31, 1995. Section 2 as it relates to quarterly withholding deposits is effective for withholding done after December 31, 1995, and the remainder of section 2 is effective for payments due after December 31, 1995. Sections 3 and 5 are effective for federal determinations after December 31, 1995. Section 4 is effective for estates of decedents dying after the date of final enactment. Section 6 is effective for deaths after December 31, 1995, and trusts that become irrevocable after December 31, 1995. Sections 7 and 9 to 11 are effective for tax years beginning after December 31, 1995. Section 12 is effective for wages paid after December 31, 1995. Sections 8 and 13 are effective for tax years beginning after December 31, 1994.

ARTICLE 11

REVENUE POLICY INITIATIVES

PROPERTY TAX AND PROPERTY TAX REFUNDS

Section 1. Minnesota Statutes 1994, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property of a trustee, beneficiary, or grantor of a trust is not disqualified from receiving homestead benefits if the homestead requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which

classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the department of revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph, "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, or aunt. This relationship may be by blood or marriage. Property that was classified as seasonal recreational residential property at the time when treatment under this paragraph would first apply shall continue to be classified as seasonal recreational residential property for the first four assessment years beginning after the date when the relative of the owner occupies the property as a homestead; this delay also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, father, or mother of the owner of the agricultural property or a son or daughter of the spouse of the owner of the agricultural property,

(2) the owner of the agricultural property must be a Minnesota resident,

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota, and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not

deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location as provided under subdivision 13, or (4) residence in a nursing home or boarding care facility.

Sec. 2. Minnesota Statutes 1994, section 273.124, subdivision 3, is amended to read:

Subd. 3. [COOPERATIVES AND CHARITABLE CORPORATIONS.] When one or more dwellings, or one or more buildings which each contain several dwelling units, are owned by a corporation or association organized under chapter 308A, and each person who owns a share or shares in the corporation or association is entitled to occupy a dwelling, or dwelling unit in the building, the corporation or association may claim homestead treatment for each dwelling, or for each unit in case of a building containing several dwelling units, for the dwelling or for the part of the value of the building occupied by a shareholder. Each dwelling or unit must be designated by legal description or number, and the net tax capacity of each dwelling that qualifies for assessment under this subdivision must include not more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The net tax capacity of the building or buildings containing several dwelling units is the sum of the net tax capacities of each of the respective units comprising the building. To qualify for the treatment provided by this subdivision, the corporation or association must be wholly owned by persons having a right to occupy a dwelling or dwelling unit owned by the corporation or association. A charitable corporation organized under the laws of Minnesota and not otherwise exempt thereunder with no outstanding stock qualifies for homestead treatment with respect to member residents of the dwelling units who have purchased and hold residential participation warrants entitling them to occupy the units.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota tax court within 60 days of the date of the notice from the county. The appeal shall be governed by the tax court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

Sec. 3. Minnesota Statutes 1994, section 273.124, subdivision 6, is amended to read:

Subd. 6. [LEASEHOLD COOPERATIVES.] When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the social security numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code of 1986, as amended through December 31, 1991. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate write-downs relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1991, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered by the Minnesota housing finance agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1991;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota housing finance agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota tax court within 60 days of the date of the notice from the county. The appeal shall be governed by the tax court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

Sec. 4. Minnesota Statutes 1994, section 273.124, subdivision 11, is amended to read:

Subd. 11. [LIMITATION ON HOMESTEAD CLASSIFICATION.] If the assessor has classified a property as both homestead and nonhomestead, the greater of the value attributable to the portion of the property classified as class 1 or class 2a or the value of the first tier of net class rates provided under section 273.13, subdivision 22, or 23, paragraph (a), is entitled to assessment as a homestead under section 273.13, subdivision 22 or 23. The limitation in this subdivision does not apply to buildings containing fewer than four residential units or to a single rented or leased dwelling unit located within or attached to a private garage or similar structure owned by the owner of a homestead and located on the premises of that homestead.

If the assessor has classified a property as both homestead and nonhomestead, ~~the homestead~~

~~credit provided in section 273.13, subdivisions 22 and 23, and~~ the reductions in tax provided under sections 273.135 and 273.1391 apply to the value of both the homestead and the nonhomestead portions of the property.

Sec. 5. Minnesota Statutes 1994, section 274.14, is amended to read:

274.14 [LENGTH OF SESSION; RECORD.]

The county board of equalization or the special board of equalization appointed by it shall meet during ~~the last two weeks in June that contain~~ the last ten meeting days~~,~~ in June. For this purpose, "meeting days" are defined as any day of the week excluding Saturday and Sunday. The board may meet on any ten consecutive meeting days in June, after the second Friday in June, if the actual meeting dates are contained on the valuation notices mailed to each property owner in the county under section 273.121. No action taken by the county board of review after June 30 is valid, except for corrections permitted in sections 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings and orders of the board. The record must be published like other proceedings of county commissioners. A copy of the published record must be sent to the commissioner of revenue, with the abstract of assessment required by section 274.16.

Sec. 6. Minnesota Statutes 1994, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 in each year. A town must certify the levy adopted by the town board to the county auditor by September 15 each year. If the town board modifies the levy at a special town meeting after September 15, the town board must recertify its levy to the county auditor on or before five working days after December 20. The taxes certified shall not be reduced by the county auditor by the aid received under ~~sections~~ section 273.1398, ~~subdivisions 2 and 3~~ subdivision 2, but shall be reduced by the county auditor by the aid received under section 273.1398, subdivision 3. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

Sec. 7. Minnesota Statutes 1994, section 275.08, subdivision 1b, is amended to read:

Subd. 1b. The amounts certified under section 275.07 ~~after adjustment under section 275.07, subdivision 3,~~ by an individual local government unit, except for any amounts certified under sections 124A.03, subdivision 2a, and 275.61, shall be divided by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by each property's net tax capacity shall be each property's tax for that local government unit before reduction by any credits.

Any amount certified to the county auditor under section 124A.03, subdivision 2a, or 275.61, after the dates given in those sections, shall be divided by the total estimated market value of all taxable properties within the taxing district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each property's estimated market value shall be each property's new referendum tax before reduction by any credits.

Sec. 8. Minnesota Statutes 1994, section 289A.60, subdivision 12, is amended to read:

Subd. 12. [PENALTIES RELATING TO PROPERTY TAX REFUNDS.] (a) If the commissioner determines that a property tax refund claim is or was excessive and was filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the amount disallowed may be recovered by assessment and collection.

(b) If it is determined that a property tax refund claim is excessive and was negligently prepared, ten percent of the corrected claim must be disallowed. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(c) An owner ~~or managing agent~~ who ~~knowingly~~ without reasonable cause fails to give a certificate of rent constituting property tax to a renter, as required by section 290A.19, paragraph (a), is liable to the commissioner for a penalty of $100 for each failure.

(d) If the owner or managing agent knowingly gives rent certificates that report total rent

constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) $100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

(e) No claim is allowed if the initial claim is filed more than one year after the original due date for filing the claim.

Sec. 9. [EFFECTIVE DATE.]

Section 5 is effective for taxes payable in 1997 and thereafter. Sections 2 to 4 are effective January 1, 1996, and thereafter. Section 8 is effective for certificates of rent paid required after the date of final enactment.

ARTICLE 12

REVENUE POLICY INITIATIVES

SALES AND SPECIAL TAXES

Section 1. Minnesota Statutes 1994, section 297.08, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are declared to be contraband:

(1) All packages which do not have stamps affixed to them as provided in sections 297.01 to 297.13, including but not limited to (i) packages with illegible stamps and packages with stamps that are not complete or whole even if the stamps are legible, and (ii) all devices for the vending of cigarettes in which ~~such unstamped~~ packages as defined in item (i) are found, including all contents contained within the devices.

(2) Any device for the vending of cigarettes and all packages of cigarettes contained therein, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp required by sections 297.01 to 297.13, it shall be presumed that all packages contained in the device are unstamped and contraband.

(3) Any device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(4) Any device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(5) Any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (1).

(6) All packages obtained in violation of section 297.11, subdivision 6.

(7) All packages offered for sale or held as inventory in violation of section 297.11, subdivision 7.

Sec. 2. Minnesota Statutes 1994, section 297.08, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within two days after the seizure of any alleged contraband, the person making the seizure shall deliver an inventory of the property seized to the person from whom the seizure was made, if known, and file a copy with the commissioner. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an ownership or security interest in the property may file with the commissioner a demand for a

judicial determination of the question as to whether the property was lawfully subject to seizure and forfeiture. The commissioner, within 30 days, shall institute an action in the district court of the county where the seizure was made to determine the issue of forfeiture. The only issue to be decided by the court is whether the alleged contraband is contraband, as defined in subdivision 1. The action shall be brought in the name of the state and shall be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and shall try and determine the issues of fact and law involved. Whenever a judgment of forfeiture is entered, the commissioner may, unless the judgment is stayed pending an appeal, either (1) deliver the forfeited property to the commissioner of human services for use by patients in state institutions; (2) cause it to be destroyed; or (3) cause it to be sold at public auction as provided by law. If a demand for judicial determination is made and no action is commenced as provided in this subdivision, the property shall be released by the commissioner and redelivered to the person entitled to it. If no demand is made, the property seized shall be deemed forfeited to the state by operation of law and may be disposed of by the commissioner as provided where there has been a judgment of forfeiture. ~~Whenever the commissioner is satisfied that any person from whom property is seized under sections 297.01 to 297.13 was acting in good faith and without intent to evade the tax imposed by sections 297.01 to 297.13, the commissioner shall release the property seized, without further legal proceedings.~~

Sec. 3. Minnesota Statutes 1994, section 297C.02, subdivision 2, is amended to read:

Subd. 2. [FERMENTED MALT BEVERAGES.] There is imposed on ~~the direct or indirect sale of fermented malt beverages~~ all fermented malt beverages that are imported, directly or indirectly sold, or possessed in this state the following excise tax:

(1) on fermented malt beverages containing not more than 3.2 percent alcohol by weight, $2.40 per barrel of 31 gallons;

(2) on fermented malt beverages containing more than 3.2 percent alcohol by weight, $4.60 per barrel of 31 gallons.

The tax is at a proportional rate for fractions of a barrel of 31 gallons.

Sec. 4. Minnesota Statutes 1994, section 297C.07, is amended to read:

297C.07 [EXCEPTIONS.]

The following are not subject to the excise tax:

(1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in interstate commerce.

(2) Sales of wine for sacramental purposes under section 340A.316.

(3) Fruit juices naturally fermented or beer naturally brewed in the home for family use.

(4) Malt beverages served by a brewery for on-premise consumption at no charge, or distributed to brewery employees for on-premise consumption under a labor contract.

(5) Alcoholic beverages sold to authorized manufacturers of food products or pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture of food products or medicines. For purposes of this part, "manufacturer" means a manufacturer of food products intended for sale to wholesalers or retailers for ultimate sale to the consumer.

(6) Sales to common carriers engaged in interstate transportation of passengers and qualified approved military clubs, except as provided in section 297C.17.

(7) Alcoholic beverages sold or transferred between Minnesota wholesalers.

(8) Sales to a federal agency, that the state of Minnesota is prohibited from taxing under the constitution or laws of the United States or under the constitution of Minnesota.

(9) Shipments of wine to Minnesota residents under section 340A.417.

(10) One liter of intoxicating liquor or 288 ounces of malt liquor per calendar month imported or possessed by a person entering Minnesota from another state, provided the alcoholic beverages accompany the person into this state and will not be offered for sale or used for any commercial purpose.

(11) Four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor per calendar month imported or possessed by a person entering Minnesota from a foreign country, provided the alcoholic beverages accompany the person into this state and will not be offered for sale or used for any commercial purpose.

(12) The alcoholic beverage contained in 12 or fewer commemorative bottles per calendar month imported into this state.

Sec. 5. [REPEALER.]

Minnesota Statutes 1994, section 297A.212, is repealed.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5, are effective the day following final enactment.

ARTICLE 13

REVENUE POLICY INITIATIVES

COLLECTIONS AND COMPLIANCE

Section 1. Minnesota Statutes 1994, section 60A.15, subdivision 12, is amended to read:

Subd. 12. [OVERPAYMENTS, CLAIMS FOR REFUND.] (1) [PROCEDURE, TIME LIMIT, APPROPRIATION.] A company who has paid, voluntarily or otherwise, or from whom there has been collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of the excess. Except as provided in subdivision 11, no claim or refund shall be allowed or made after ~~3 1/2 years from the date prescribed for filing the return (plus any extension of time granted for filing the return but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the company~~ the period prescribed in section 289A.40, subdivision 1. For this purpose, a return or amended return claiming an overpayment constitutes a claim for refund.

Upon the filing of a claim, the commissioner shall examine it, shall make and file written findings denying or allowing the claim in whole or in part, and shall mail a notice thereof to the company at the address stated upon the return. If the claim is allowed in whole or in part, the commissioner shall issue a certificate for the refundment of the excess paid by the company, with interest at the rate specified in section 270.76 computed from the date of the payment of the tax until the date the refund is paid or the credit is made to the company. The commissioner of finance shall pay the refund out of the proceeds of the taxes imposed by this section, as other state moneys are expended. As much of the proceeds of the taxes as necessary are appropriated for that purpose.

(2) [DENIAL OF CLAIM, COURT PROCEEDINGS.] If the claim is denied in whole or in part, the commissioner shall mail an order of denial to the company in the manner prescribed in subdivision 8. An appeal from this order may be taken to the Minnesota tax court in the manner prescribed in section 271.06, or the company may commence an action against the commissioner to recover the denied overpayment. The action may be brought in the district court of the district in the county of its principal place of business, or in the district court for Ramsey county. The action in the district court must be commenced within 18 months following the mailing of the order of denial to the company. If a claim for refund is filed by a company and no order of denial is issued within six months of the filing, the company may commence an action in the district court as in the case of a denial, but the action must be commenced within two years of the date that the claim for refund was filed.

(3) [CONSENT TO EXTEND TIME.] If the commissioner and the company have, within the periods prescribed in clause (1), consented in writing to any extension of time for the assessment of the tax, the period within which a claim for refund may be filed, or a refund may be made or

allowed, if no claim is filed, shall be the period within which the commissioner and the company have consented to an extension for the assessment of the tax and six months thereafter. ~~The period within which a claim for refund may be filed shall not expire prior to two years after the tax was paid.~~

(4) [OVERPAYMENTS; REFUNDS.] If the amount determined to be an overpayment exceeds the taxes imposed by this section, the amount of excess shall be considered an overpayment. An amount paid as tax constitutes an overpayment even if in fact there was no tax liability with respect to which the amount was paid.

Notwithstanding any other provision of law to the contrary, in the case of any overpayment, the commissioner, within the applicable period of limitations, shall refund any balance of more than one dollar to the company if the company requests the refund.

Sec. 2. Minnesota Statutes 1994, section 60A.199, subdivision 8, is amended to read:

Subd. 8. [REFUND PROCEDURE; TIME LIMIT; APPROPRIATION.] A licensee which has paid, voluntarily or otherwise, or from which there was collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of the excess. Except as provided in subdivision 3, no claim or refund shall be allowed or made after ~~3 1/2 years from the date prescribed for filing the return (plus any extension of time granted for filing the return but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the licensee~~ the period prescribed in section 289A.40, subdivision 1. For this purpose, a return or amended return claiming an overpayment constitutes a claim for refund.

Upon the filing of a claim the commissioner shall examine it, shall make written findings thereon denying or allowing the claim in whole or in part, and shall mail a notice thereof to the licensee at the address stated upon the return. If the claim is allowed in whole or in part, the commissioner shall issue a certificate for a refund of the excess paid by the licensee, with interest at the rate specified in section 270.76 computed from the date of the payment of the tax until the date the refund is paid or credit is made to the licensee. The commissioner of finance shall cause the refund to be paid as other state moneys are expended. So much of the proceeds of the taxes as is necessary are appropriated for that purpose.

Sec. 3. Minnesota Statutes 1994, section 60A.199, subdivision 10, is amended to read:

Subd. 10. [CONSENT TO EXTEND TIME.] If the commissioner and the licensee have, within the periods prescribed by this section, consented in writing to any extension of time for the assessment of the tax, the period within which a claim for refund may be filed, or a refund may be made or allowed, if no claim is filed, is the period within which the commissioner and the licensee have consented to an extension for the assessment of the tax and six months thereafter~~, the period within which a claim for refund may be filed shall not expire prior to two years after the tax was paid~~.

Sec. 4. [270.7002] [PERSONAL LIABILITY FOR FAILURE TO HONOR A LEVY.]

Subdivision 1. [SURRENDER OF PROPERTY SUBJECT TO LEVY.] A person who fails or refuses to surrender property or rights to property subject to a levy served on the person under section 270.70, 270.7001, or 290.92, subdivision 23, is liable in an amount equal to the value of the property or rights not surrendered, or the amount of taxes, penalties, and interest for the collection of which the levy was made, whichever is less. A financial institution need not surrender funds on deposit until ten days after service of the levy.

Subd. 2. [PENALTY.] In addition to the personal liability imposed by subdivision 1, if a person required to surrender property or rights to property fails to do so without reasonable cause, the person is liable for a penalty equal to 25 percent of the amount under subdivision 1.

Subd. 3. [PERSON DEFINED.] The term "person" as used in this section includes an officer or employee of a corporation or a member or employee of a partnership, who as such officer, employee, or member is under a duty to surrender the property or rights to property or to respond to the levy.

Subd. 4. [ORDER ASSESSING LIABILITY.] The liability imposed by this section may, after demand to honor a levy has been made, be assessed by the commissioner within 60 days after service of the demand. The assessment may be based on information available to the commissioner. The assessment is presumed to be valid, and the burden is on the person assessed to show it is incorrect or invalid. An order assessing liability for failure to honor a levy is reviewable administratively under section 289A.65, and is appealable to tax court under chapter 271. The amount assessed, plus interest at the rate specified in section 270.75, may be collected by any remedy available to the commissioner for the collection of taxes. The proceeds collected are applied first to the liability of the original taxpayer to the extent of the liability under subdivision 1 plus interest, and then to the penalty under subdivision 2.

Sec. 5. Minnesota Statutes 1994, section 270.72, subdivision 1, is amended to read:

Subdivision 1. [TAX CLEARANCE REQUIRED.] The state or a political subdivision of the state may not issue, transfer, or renew, and must revoke, a license for the conduct of a profession, occupation, trade, or business, if the commissioner notifies the licensing authority that the applicant owes the state delinquent taxes, penalties, or interest. The commissioner may not notify the licensing authority unless the applicant taxpayer owes $500 or more in delinquent taxes or has not filed returns. If the applicant taxpayer does not owe delinquent taxes but has not filed returns, the commissioner may not notify the licensing authority unless the taxpayer has been given 90 days' written notice to file the returns or show that the returns are not required to be filed. A licensing authority that has received a notice from the commissioner may issue, transfer, ~~or~~ renew, or not revoke the applicant's license only if (a) the commissioner issues a tax clearance certificate and (b) the commissioner or the applicant forwards a copy of the clearance to the authority. The commissioner may issue a clearance certificate only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or interest and has filed all required returns.

Sec. 6. Minnesota Statutes 1994, section 270.72, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Taxes" are all taxes payable to the commissioner including penalties and interest due on the taxes.

(b) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action which contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the applicant has entered into a payment agreement and is current with the payments.

(c) "Applicant" means an individual if the license is issued to or in the name of an individual or the corporation or partnership if the license is issued to or in the name of a corporation or partnership. "Applicant" also means an officer of a corporation, a member of a partnership, or an individual who is liable for delinquent taxes, either for the entity for which the license is at issue or for another entity for which the liability was incurred, or personally as a licensee. In the case of a license transfer, "applicant" also means both the transferor and the transferee of the license. "Applicant" also means any holder of a license.

(d) "License" includes a contract for space rental at the Minnesota state fair.

(e) "Licensing authority" includes the Minnesota state fair board.

Sec. 7. Minnesota Statutes 1994, section 270.72, subdivision 3, is amended to read:

Subd. 3. [NOTICE AND HEARING.] (a) The commissioner, on notifying a licensing authority pursuant to subdivision 1 not to issue, transfer, or renew a license, must send a copy of the notice to the applicant. If the applicant requests, in writing, within 30 days of the date of the notice a hearing, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the office of administrative hearings. Notwithstanding any law to the contrary, the applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the applicant. The notice may be served personally or by mail.

(b) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a license, the commissioner must send a notice to the applicant of the commissioner's intent to require revocation of the license and of the applicant's right to a hearing under paragraph (a). A license is subject to revocation when 30 days have passed following the date of the notice in this paragraph without the applicant requesting a hearing, or, if a hearing is timely requested, upon final determination of the hearing under section 14.62, subdivision 1. A license shall be revoked by the licensing authority within 30 days after receiving notice from the commissioner to revoke.

(c) A hearing under this subdivision is in lieu of any other hearing or proceeding provided by law arising from any action taken under subdivision 1.

Sec. 8. [270.721] [REVOCATION OF CORPORATE CERTIFICATES OF AUTHORITY TO DO BUSINESS IN THIS STATE.]

When a foreign corporation authorized to do business in this state under chapter 303 fails to comply with any tax laws administered by the commissioner of revenue, the commissioner may serve the secretary of state with a certified copy of an order finding such failure to comply. The secretary of state, upon receipt of the order, shall revoke the certificate of authority of the corporation to do business in this state, and shall reinstate the certificate under section 303.19 only when the corporation has obtained from the commissioner an order finding that the corporation is in compliance with state tax law. An order requiring revocation of a certificate shall not be issued unless the commissioner gives the corporation 30 days' written notice of the proposed order, specifying the violations of state tax law, and affording the corporation an opportunity to request a contested case hearing under chapter 14.

Sec. 9. Minnesota Statutes 1994, section 270.79, subdivision 4, is amended to read:

Subd. 4. [REFUND PROCEDURES.] (a) If the commissioner determines that the cumulative refunds due all affected taxpayers will exceed $50,000,000, the refund procedures in this subdivision apply.

(b) The refunds due shall be paid in five installments ~~beginning after July 1 of~~. The first installment will be paid during the calendar year following the later of the filing of the refund claim or the final judicial determination and ~~ending in the fifth calendar year or at the time that the return for that calendar year is filed~~ subsequent installments will be paid at any time during each of the four succeeding calendar years.

(c) ~~The refunds shall be paid in the form of refundable credits claimed on the tax return for the tax type giving rise to the refund.~~

~~(d) In the case of annual returns the credit allowable must be claimed on the annual return. When returns are filed on other than an annual basis, the allowable credit must be claimed on the first return due after July 1 of a calendar year~~ The commissioner shall compute the annual refund installment due under this subdivision, and notify the taxpayer of the total amount of the claim for refund which has been allowed.

~~(e)~~ (d) The ~~credit allowed for~~ installment paid each year equals 20 percent of the ~~claimed~~ refund allowed unless the commissioner determines that the cumulative refunds due for a particular year under this section will exceed $150,000,000. If the refunds payable will exceed that amount, ~~the claimed refunds~~ they will be reduced pro rata with any balance remaining due payable with the final refund installment.

~~(f)~~ (e) Unless contrary to the provisions in this section, the provisions for refunds in the various tax types, including provisions related to the payment of interest, apply to the refunds subject to these provisions.

~~(g)~~ (f) The commissioner may establish a de minimis individual refund amount below which the installment provisions do not apply. The amount established under this paragraph is not subject to the provisions of chapter 14.

(g) If the commissioner of finance determines that it is in the best interest of the state, refunds payable under this section may be paid in fewer than five installments.

Sec. 10. Minnesota Statutes 1994, section 289A.26, subdivision 2a, is amended to read:

Subd. 2a. [ELECTRONIC FUNDS TRANSFER PAYMENTS.] If the aggregate amount of estimated tax payments made during a calendar year is equal to or exceeds ~~$80,000~~ $20,000, all estimated tax payments in the subsequent calendar year must be paid by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the estimated tax payment is due. If the date the estimated tax payment is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the estimated tax payment is due.

Sec. 11. Minnesota Statutes 1994, section 289A.40, subdivision 1, is amended to read:

Subdivision 1. [TIME LIMIT; GENERALLY.] Unless otherwise provided in this chapter, a claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or ~~two years~~ one year from the ~~time~~ date of an order assessing tax under section 289A.37, subdivision 1, upon payment in full of the tax ~~is paid in full~~, penalties, and interest shown on the order, whichever period expires later. Claims for refund filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order and to issues determined by the order.

Sec. 12. Minnesota Statutes 1994, section 289A.60, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return other than an income tax return of an individual, a withholding return, or sales or use tax return, within the time prescribed or an extension, a penalty is added to the tax. The penalty is three percent of the amount of tax not paid on or before the date prescribed for payment of the tax including any extensions if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.

~~If a taxpayer fails to file a return, other than an income tax return of an individual, within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must not be less than the lesser of: (1) $200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) $50.~~

If a taxpayer fails to file an individual income tax return within six months after the date prescribed for filing of the return, a penalty of ten percent of the amount of tax not paid by the end of that six-month period is added to the tax.

If a taxpayer fails to file a withholding or sales or use tax return within the time prescribed, including an extension, a penalty of five percent of the amount of tax not timely paid is added to the tax.

Sec. 13. Minnesota Statutes 1994, section 290.92, subdivision 23, is amended to read:

Subd. 23. [WITHHOLDING BY EMPLOYER OF DELINQUENT TAXES.] (1) The commissioner may, within five years after the date of assessment of the tax, or if a lien has been filed under section 270.69, within the statutory period for enforcement of the lien, give notice to any employer deriving income which has a taxable situs in this state regardless of whether the income is exempt from taxation, that an employee of that employer is delinquent in a certain amount with respect to any state taxes, including penalties, interest, and costs. The commissioner can proceed under this subdivision only if the tax is uncontested or if the time for appeal of the tax has expired. The commissioner shall not proceed under this subdivision until the expiration of 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice of (a) the amount of taxes, interest, and penalties due from the taxpayer and demand for their payment, and (b) the commissioner's intention to require additional withholding by the taxpayer's employer pursuant to this subdivision. The effect of the notice shall expire 180 days after it has been mailed to the taxpayer provided that the notice may be renewed by mailing a new notice which is in accordance with this subdivision. The renewed notice shall have the effect of reinstating the

priority of the original claim. The notice to the taxpayer shall be in substantially the same form as that provided in section 571.72. The notice shall further inform the taxpayer of the wage exemptions contained in section 550.37, subdivision 14. If no statement of exemption is received by the commissioner within 30 days from the mailing of the notice, the commissioner may proceed under this subdivision. The notice to the taxpayer's employer may be served by mail or by delivery by an employee of the department of revenue and shall be in substantially the same form as provided in section 571.75. Upon receipt of notice, the employer shall withhold from compensation due or to become due to the employee, the total amount shown by the notice, subject to the provisions of section 571.922. The employer shall continue to withhold each pay period until the notice is released by the commissioner under section 270.709. Upon receipt of notice by the employer, the claim of the state of Minnesota shall have priority over any subsequent garnishments or wage assignments. The commissioner may arrange between the employer and the employee for withholding a portion of the total amount due the employee each pay period, until the total amount shown by the notice plus accrued interest has been withheld.

The "compensation due" any employee is defined in accordance with the provisions of section 571.921. The maximum withholding allowed under this subdivision for any one pay period shall be decreased by any amounts payable pursuant to a garnishment action with respect to which the employer was served prior to being served with the notice of delinquency and any amounts covered by any irrevocable and previously effective assignment of wages; the employer shall give notice to the department of the amounts and the facts relating to such assignments within ten days after the service of the notice of delinquency on the form provided by the department of revenue as noted in this subdivision.

(2) If the employee ceases to be employed by the employer before the full amount set forth in a notice of delinquency plus accrued interest has been withheld, the employer shall immediately notify the commissioner in writing of the termination date of the employee and the total amount withheld. No employer may discharge any employee by reason of the fact that the commissioner has proceeded under this subdivision. If an employer discharges an employee in violation of this provision, the employee shall have the same remedy as provided in section 571.927, subdivision 2.

(3) Within ten days after the expiration of such pay period, the employer shall remit to the commissioner, on a form and in the manner prescribed by the commissioner, the amount withheld during each pay period under this subdivision. ~~Should any employer, after notice, willfully fail to withhold in accordance with the notice and this subdivision, or willfully fail to remit any amount withheld as required by this subdivision, the employer shall be liable for the total amount set forth in the notice together with accrued interest which may be collected by any means provided by law relating to taxation. Any amount collected from the employer for failure to withhold or for failure to remit under this subdivision shall be credited to the employee's account in the following manner: penalties, interest, tax, and costs.~~

(4) Clauses (1), (2), and (3), except provisions imposing a liability on the employer for failure to withhold or remit, shall apply to cases in which the employer is the United States or any instrumentality thereof or this state or any municipality or other subordinate unit thereof.

(5) The commissioner shall refund to the employee excess amounts withheld from the employee under this subdivision. If any excess results from payments by the employer because of willful failure to withhold or remit as prescribed in clause (3), the excess attributable to the employer's payment shall be refunded to the employer.

(6) Employers required to withhold delinquent taxes, penalties, interest, and costs under this subdivision shall not be required to compute any additional interest, costs or other charges to be withheld.

(7) The collection remedy provided to the commissioner by this subdivision shall have the same legal effect as if it were a levy made pursuant to section 270.70.

Sec. 14. Minnesota Statutes 1994, section 294.09, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURES; TIME LIMIT.] A company, joint stock association, copartnership, corporation, or individual who has paid, voluntarily or otherwise, or from whom there has been collected (other than by proceedings instituted by the attorney general under

sections 294.06 and 294.08, subdivision 3) an amount of gross earnings tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of such excess. Except as provided in subdivision 4, no such claim shall be entertained unless filed within ~~two years after such tax was paid or collected, or within 3 1/2 years from the filing of the return, whichever period is the longer~~ the period prescribed in section 289A.40, subdivision 1. Upon the filing of a claim the commissioner shall examine the same and shall make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to such company, joint stock association, copartnership, corporation, or individual at the address stated upon the return. If such claim is allowed in whole or in part, the commissioner shall credit the amount of the allowance against any tax due the state from the claimant and for the balance of said allowance, if any, the commissioner shall issue a certificate for the refundment of the excess paid. The commissioner of finance shall cause such refund to be paid out of the proceeds of the gross earnings taxes imposed by Minnesota Statutes 1967, chapters 294 and 295 as other state moneys are expended. So much of the proceeds as may be necessary are hereby appropriated for that purpose. Any allowance so made by the commissioner shall include interest at the rate specified in section 270.76 computed from the date of payment or collection of the tax until the date the refund is paid to the claimant.

Sec. 15. Minnesota Statutes 1994, section 294.09, subdivision 4, is amended to read:

Subd. 4. [CONSENT TO EXTEND TIME.] If the commissioner and the taxpayer have within the periods prescribed in subdivision 1 consented in writing to any extension of time for the assessment of the tax under the provisions of section 294.08, subdivision 4, the period within which a claim for refund may be filed, or a refund may be made or allowed, if no claim is filed, shall be the period within which the commissioner and the taxpayer have consented to an extension for the assessment of the tax and six months thereafter~~, provided, however, that the period within which a claim for refund may be filed shall not expire prior to two years after the tax was paid~~.

Sec. 16. Minnesota Statutes 1994, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product (1) brought, or caused to be brought, into this state for sale; and (2) made, manufactured, or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. Each return shall be accompanied by a remittance for the full tax liability shown therein, less 1.5 percent of such liability as compensation to reimburse the distributor for expenses incurred in the administration of sections 297.31 to 297.39. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.

A distributor having a liability of $120,000 or more during a ~~calendar~~ fiscal year ending June 30 must remit all liabilities in the subsequent ~~fiscal~~ calendar year ~~ending June 30~~ by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 17. Minnesota Statutes 1994, section 297.43, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required under sections 297.07, 297.23, and 297.35, there shall be added to the tax five percent of the amount of tax not paid on or before the date prescribed for payment of the tax. The amount so added to any tax under this subdivision and subdivision 1 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been

paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

~~In the case of a failure to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision shall not be less than the lesser of (i) $200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) $50.~~

Sec. 18. Minnesota Statutes 1994, section 297C.14, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required by this chapter or an extension of time, there shall be added to the tax five percent of the amount of tax not paid on or before the date prescribed for payment of the tax. The amount so added to any tax under subdivisions 1 and 2 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

~~In the case of a failure to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision shall not be less than the lesser of (i) $200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) $50.~~

Sec. 19. Minnesota Statutes 1994, section 297E.11, subdivision 4, is amended to read:

Subd. 4. [TIME LIMIT FOR REFUNDS.] Unless otherwise provided in this chapter, a claim for a refund of an overpayment of tax must be filed within ~~3 1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or two years from the time the tax is paid, whichever period expires later~~ the period prescribed in section 289A.40, subdivision 1. Interest on refunds must be computed at the rate specified in section 270.76 from the date of payment to the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the later of the date the tax was finally due or was paid.

Sec. 20. Minnesota Statutes 1994, section 297E.12, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is five percent of the amount of tax not paid on or before the date prescribed for payment of the tax.

~~If a taxpayer fails to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must be at least the lesser of: (1) $200; or (2) the greater of (i) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (ii) $50.~~

Sec. 21. Minnesota Statutes 1994, section 299F.26, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE, TIME LIMIT, APPROPRIATION.] A company which has paid, voluntarily or otherwise, or from which there was collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of the excess. Except as provided in subdivision 4, no claim or refund shall be allowed or made after ~~3 1/2 years from the date prescribed for filing the return (plus any extension of time granted for filing the return but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the company~~ the period prescribed in section 289A.40, subdivision 1. For this purpose a return or amended return claiming an overpayment constitutes a claim for refund.

Upon the filing of a claim the commissioner shall examine the same and shall make and file

written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to the company at the address stated upon the return. If such claim is allowed in whole or in part, the commissioner shall issue a certificate for the refundment of the excess paid by the company, with interest at the rate specified in section 270.76 computed from the date of the payment of the tax until the date the refund is paid or the credit is made to the company, and the commissioner of finance shall cause the refund to be paid as other state moneys are expended. So much of the proceeds of the taxes as is necessary are appropriated for that purpose.

Sec. 22. Minnesota Statutes 1994, section 299F.26, subdivision 4, is amended to read:

Subd. 4. [CONSENT TO EXTEND TIME.] If the commissioner and the company have within the periods prescribed in subdivision 1, consented in writing to any extension of time for the assessment of the tax, the period within a claim for refund may be filed, or a refund may be made or allowed, if no claim is filed, shall be the period within which the commissioner and the company have consented to an extension for the assessment of the tax and six months thereafter~~, provided, however, that the period within which a claim for refund may be filed shall not expire prior to two years after the tax was paid~~.

Sec. 23. [REPEALER.]

Minnesota Statutes 1994, sections 270.70, subdivisions 8, 9, and 10; and 297A.38, are repealed.

Sec. 24. [EFFECTIVE DATE.]

Sections 1, 2, 11, 14, 19, and 21 are effective for claims for refund which have not been filed as of the day following final enactment and in which the time period for filing the claim has not expired under the provisions in effect prior to the day following final enactment. The time period for filing such claims is the time period prescribed in the enacted sections, or one year after the day following final enactment, whichever is greater.

Sections 3, 15, and 22, and the provisions in section 1 pertaining to consents to extend time, are effective for consents to extend time for filing claims for refund entered into on or after the day following final enactment.

Sections 4, 8, 12, 13, 16 to 18, 20, and 23 are effective the day following final enactment.

Sections 5 to 7 are effective July 1, 1995.

Section 9 is effective for payments of refunds resulting from final determinations made on or after April 26, 1994, including refunds resulting from appeals filed before that date but finally determined after that date.

Section 10 is effective for payments due for tax years beginning after December 31, 1995.

ARTICLE 14

REVENUE POLICY INITIATIVES

MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 289A.43, is amended to read:

289A.43 [PROHIBITION OF SUITS TO RESTRAIN ASSESSMENT OR COLLECTION.]

Except for the express procedures in this chapter, chapters 270 and 271, and any other tax statutes for contesting the assessment or collection of taxes, penalties, or interest administered by the commissioner of revenue, and except for an action challenging the constitutionality of a tax statute on its face, if it is demonstrated to the court by clear and convincing evidence that under no circumstances would the commissioner ultimately prevail and that the taxpayer will suffer irreparable harm if the relief sought is not granted, no suit to restrain assessment or collection, including a declaratory judgment action, can be maintained in any court by any person.

Sec. 2. Minnesota Statutes 1994, section 295.53, subdivision 2, is amended to read:

Subd. 2. [DEDUCTIONS FOR STAFF MODEL HEALTH PLAN COMPANY.] In addition to

the exemptions allowed under subdivision 1, a staff model health plan company may deduct from its gross revenues for the year:

(1) amounts paid to hospitals, surgical centers, and health care providers that are not employees of the staff model health plan company for services on which liability for the tax is imposed under section 295.52;

(2) net amounts added to reserves, ~~if~~ to the extent that the amounts added do not cause total reserves ~~do not~~ to exceed 200 percent of the statutory net worth requirement, the calculation of which may be determined on a consolidated basis, taking into account the amounts held in reserve by affiliated staff model health plan companies;

(3) assessments for the comprehensive health insurance plan under section 62E.11; and

(4) amounts spent for administration as reported as total administration to the department of health in the statement of revenues, expenses, and net worth pursuant to section 62D.08, subdivision 3, clause (a).

Sec. 3. [296.041] [ELECTRONICALLY FILED RETURNS OR REPORTS; SIGNATURES.]

For purposes of this chapter, the name of the taxpayer, the name of the taxpayer's authorized agent, or the taxpayer's identification number constitutes a signature when transmitted as part of the information on returns or reports filed by electronic means by the taxpayer or at the taxpayer's direction. "Electronic means" includes, but is not limited to, the use of a touch-tone telephone to transmit return or report information in a manner prescribed by the commissioner.

Sec. 4. Minnesota Statutes 1994, section 296.12, subdivision 3, is amended to read:

Subd. 3. [TAX COLLECTION, REPORTING AND PAYMENT.] (a) For clear diesel fuel, the tax is imposed on the distributor who receives the fuel.

(b) For all other special fuels, the tax is imposed on the distributor, bulk purchaser, or special fuel dealer. The tax may be paid upon receipt or sale as follows:

(1) Distributors and special fuel dealers may, subject to the approval of the commissioner, elect to pay to the commissioner the special fuel excise tax on all special fuel delivered or sold into the supply tank of an aircraft or a licensed motor vehicle. Under this option an invoice must be issued at the time of each delivery showing the name and address of the purchaser, date of sale, number of gallons, price per gallon and total amount of sale. A separate sales ticket book shall be maintained for special fuel sales; and

(2) Bulk purchasers shall report and pay the excise tax on all special fuel purchased by them for storage, to the commissioner in the form and manner prescribed by the commissioner.

(c) Any person delivering special fuel on which the excise tax has not previously been paid, into the supply tank of an aircraft or a licensed motor vehicle shall report such delivery and pay the excise tax on the special fuel so delivered, to the commissioner.

Sec. 5. Minnesota Statutes 1994, section 296.12, subdivision 4, is amended to read:

Subd. 4. [MONTHLY REPORTS; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, the persons subject to the provisions of this section shall file ~~in the office of the commissioner at St. Paul, Minnesota,~~ a report in the ~~following manner~~ form and manner prescribed by the commissioner. Reports shall contain information as follows:

(1) Distributors of clear diesel fuel must file a monthly tax return with the department listing all purchases or receipts of clear diesel fuel. Distributors may be allowed to take a credit or credits under section 296.14, subdivision 2.

(2) Distributors and dealers of special fuel other than clear diesel fuel shall report the total number of gallons delivered to them during the preceding calendar month and shall pay the special fuel excise tax due thereon to the commissioner. The invoice must show the true and correct name and address of the purchaser, and the purchaser's signature. The report shall contain such other information as the commissioner may require.

(3) Distributors and dealers of special fuel other than clear diesel fuel who have elected to pay the special fuel excise tax on all special fuel delivered into the supply tank of an aircraft or licensed motor vehicle as provided in subdivision 3, shall report the total number of gallons delivered into the supply tank of an aircraft or licensed motor vehicle during the preceding calendar month and shall pay the special fuel excise tax due thereon to the commissioner.

(4) Bulk purchasers shall report and pay the special fuel excise tax on all special fuel except clear diesel fuel purchased by them for storage, during the preceding calendar month. In such cases as the commissioner may permit, credit for the excise tax due or previously paid on special fuel not used in aircraft or licensed motor vehicles, may be allowed in computing tax liability. The report shall contain such other information as the commissioner may require.

(5) In computing the special fuel excise tax due, a deduction of one percent of the quantity of special fuel on which tax is due shall be made for evaporation and loss.

(6) Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 6. Minnesota Statutes 1994, section 296.12, subdivision 11, is amended to read:

Subd. 11. [QUALIFIED BULK PURCHASERS.] Notwithstanding any other provision of law to the contrary, the commissioner of revenue may allow any bulk purchaser who receives special fuel other than clear diesel fuel in bulk storage for subsequent delivery into the supply tank of licensed motor vehicles or aircraft operated by the bulk purchaser to purchase bulk special fuel on a tax paid basis from any consenting supplier licensed as a distributor or special fuel dealer under this section or section 296.06. Bulk purchasers qualifying under this provision must become registered in a manner approved by the commissioner but shall be exempt from the bulk purchaser license requirements. Every licensed distributor or special fuel dealer who sells or delivers special fuel other than clear diesel fuel on a tax paid basis to persons registered under this provision must report on or before the 23rd day of each month sales made during the preceding calendar month and shall pay the special fuel excise tax due thereon to the commissioner. The report shall be in the form and manner prescribed by the commissioner, and shall contain information as the commissioner may require.

Sec. 7. Minnesota Statutes 1994, section 296.141, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT OF GASOLINE TAX AND PETROLEUM TANK RELEASE CLEANUP FEE; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, every person who is required to pay a gasoline tax shall file ~~in the office of~~ with the commissioner ~~at St. Paul, Minnesota,~~ a report, in ~~a~~ the form and manner approved by the commissioner, showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and other information the commissioner may require. The number of gallons of gasoline must be reported in United States standard liquid gallons (231 cubic inches), except that the commissioner may upon written application and for cause shown permit the distributor to report the number of gallons of gasoline as corrected to a 60 degree Fahrenheit temperature. If the application is granted, all gasoline covered in the application and allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline must be reported as originally invoiced.

Each report must show separately the number of gallons of aviation gasoline received by the reporter during such calendar month.

Each report must include the amount of gasoline tax on gasoline received by the reporter during the preceding month; provided that in computing the tax a deduction of three percent of the quantity of gasoline received by a distributor shall be made for evaporation and loss; provided further that at the time of reporting, the distributor shall submit satisfactory evidence that one-third of the three percent deduction has been credited or paid to dealers on quantities sold to them. ~~The~~ A written report is deemed to have been filed as required in this subdivision if postmarked on or before the 23rd day of the month in which payable.

Sec. 8. Minnesota Statutes 1994, section 296.141, subdivision 2, is amended to read:

Subd. 2. [INSPECTION FEES.] Persons required to pay an inspection fee under section 239.101 must file a report. Each report must include the amount of inspection fees due on petroleum products. ~~The~~ Reports must be filed with the commissioner in the form and manner the commissioner prescribes. A written report is considered filed as required if postmarked on or before the 23rd day of the month in which payable.

Sec. 9. Minnesota Statutes 1994, section 296.141, subdivision 6, is amended to read:

Subd. 6. [ON-FARM BULK STORAGE OF GASOLINE OR SPECIAL FUEL; ETHYL ALCOHOL FOR PERSONAL USE.] Notwithstanding the provisions of this section, the producer of ethyl alcohol which is produced for personal use and not for sale in the usual course of business and a farmer who uses gasoline or any special fuel on which a tax has not been paid shall report and pay the tax on all ethyl alcohol, gasoline, or special fuel delivered into the supply tank of a licensed motor vehicle during the preceding calendar year. The tax must be reported in the form and manner prescribed by the commissioner and paid together with any refund claim filed by the taxpayer under section 296.18. If no refund claim is filed, the tax must be reported and paid annually by March 15 or more frequently, as the commissioner may prescribe. Any producer qualifying under this subdivision is exempt from the licensing requirements contained in section 296.06, subdivision 1.

Sec. 10. Minnesota Statutes 1994, section 296.17, subdivision 1, is amended to read:

Subdivision 1. [UNREPORTED FUEL.] It shall be the duty of every distributor, dealer, and person who sells or uses gasoline manufactured, produced, received, or stored by the distributor, dealer, or person, and of every person using gasoline in motor vehicles or special fuel in licensed motor vehicles, if the same has not been reported or if the tax on account thereof has not been paid to the commissioner, to report to the commissioner in the form and manner prescribed by the commissioner, the quantity of such gasoline so sold or used or such special fuel used, and such person shall become liable for the payment of the tax. All provisions of sections 296.01 to 296.421 relating to the calculation, collection and payment of the tax shall be applicable to any such person, dealer or distributor.

Sec. 11. Minnesota Statutes 1994, section 296.17, subdivision 3, is amended to read:

Subd. 3. [REFUNDS ON FUEL USED IN OTHER STATES.] Every person regularly or habitually operating motor vehicles upon the public highways of any other state or states and using in said motor vehicles gasoline or special fuel purchased or obtained in this state, shall be allowed a credit or refund equal to the tax on said gasoline or special fuel paid to this state on the gasoline or special fuel actually used in the other state or states. No credit or refund shall be allowed under this subdivision for taxes paid to any state which imposes a tax upon gasoline or special fuel purchased or obtained in this state and used on the highways of such other state, and which does not allow a similar credit or refund for the tax paid to this state on gasoline or special fuel purchased or acquired in such other state and used on the highways of this state. Every person claiming a credit or refund under this subdivision shall file a, claim ~~on a~~ in the form and manner prescribed by the commissioner or take the credit on a subsequent tax return within one year of the last day of the month following the end of the quarter when the overpayment occurred.

Sec. 12. Minnesota Statutes 1994, section 296.17, subdivision 5, is amended to read:

Subd. 5. [UNREPORTED AVIATION GASOLINE.] The provisions of subdivision 1 do not apply to aviation gasoline. It shall be the duty of every distributor, dealer, and person who receives, sells, stores, or withdraws from storage in this state aviation gasoline manufactured, produced, received, or stored by the distributor, dealer, or person, if the same has not been reported or if a tax provided for in section 296.02 on account thereof, has not been paid to the commissioner, to report to the commissioner, in the form and manner prescribed by the commissioner, the quantity of such gasoline so received, sold, stored, or withdrawn from storage, and such person shall become liable for the payment of the tax.

All provisions of sections 296.01 to 296.421 relating to the calculation, collections, and payment of the tax shall be applicable to any such person, dealer, or distributor.

Sec. 13. Minnesota Statutes 1994, section 296.17, subdivision 11, is amended to read:

Subd. 11. [MOTOR CARRIER REPORTS.] Every motor carrier subject to the road tax shall, on or before the last day of April, July, October, and January, file with the commissioner ~~such~~ in the form and manner prescribed by the commissioner, reports of operations during the previous three months ~~as the commissioner may require~~, and such other reports from time to time as the commissioner may deem necessary. The commissioner by rule may exempt from the quarterly reporting requirements of this section those motor carriers whose mileage is all or substantially all and those motor carriers whose mileage is minimal within this state, or states with which Minnesota has reciprocity and require in such instances an annual report reflecting the operations of the carrier during the previous year along with payment of any taxes due.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 14. Minnesota Statutes 1994, section 296.18, subdivision 1, is amended to read:

Subdivision 1. [CLAIM; FUEL USED IN OTHER VEHICLES.] Any person who shall buy and use gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who shall have paid the Minnesota excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a ~~signed~~ claim ~~in writing~~ in the form and manner prescribed by the commissioner, and containing the information the commissioner shall require ~~and accompanied by the original invoice thereof~~. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by the applicant other than in motor vehicles, or special fuel so purchased and used by the applicant other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to the payments, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which ~~the~~ a written claim is mailed shall determine ~~the~~ its date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code of 1986, as amended through December 31, 1988.

(2) Gasoline or special fuel used for off-highway business use. "Off-highway business use" means any use by a person in that person's trade, business, or activity for the production of income. "Off-highway business use" includes use of a passenger snowmobile off the public highways as part of the operations of a resort as defined in section 157.01, subdivision 1. "Off-highway business use" does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country.

(3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured in Minnesota, and shipped by interstate carrier to destinations in other states or foreign countries.

Sec. 15. Minnesota Statutes 1994, section 296.18, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO USE OR SELL FOR INTENDED PURPOSE; REPORTS REQUIRED.] (1) Any person who shall buy aviation gasoline or special fuel for aircraft use and who shall have paid the excise taxes due thereon directly or indirectly through the amount of the tax being included in the price thereof, or otherwise, and shall use said gasoline or special fuel in motor vehicles or shall knowingly sell it to any person for use in motor vehicles shall, on or before the twenty-third day of the month following that in which such gasoline or special fuel was so

used or sold, report the fact of such use or sale to the commissioner in such form and manner as the commissioner may prescribe.

(2) Any person who shall buy gasoline other than aviation gasoline and who shall have paid the motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline, or otherwise, who shall knowingly sell such gasoline to any person to be used for the purpose of producing or generating power for propelling aircraft, or who shall receive, store, or withdraw from storage such gasoline to be used for that purpose, shall, on or before the 23rd day of the month following that in which such gasoline was so sold, stored, or withdrawn from storage, report the fact of such sale, storage, or withdrawal from storage to the commissioner in such form and manner as the commissioner may prescribe.

(3) Any person who shall buy aviation gasoline or special fuel for aircraft use and who shall have paid the excise taxes directly or indirectly through the amount of the tax being included in the price thereof, or otherwise, who shall not use it in motor vehicles or receive, sell, store, or withdraw it from storage for the purpose of producing or generating power for propelling aircraft, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a ~~signed~~ claim ~~in writing~~ in such form and ~~containing such information as the commissioner shall require and accompanied by the original invoice thereof~~ manner as the commissioner may prescribe. By ~~signing any such~~ filing a claim which is false or fraudulent, the applicant shall be subject to the penalties provided in section 296.25 for knowingly or willfully making a false claim. The claim shall set forth the total amount of the aviation gasoline or special fuel for aircraft use so purchased and used by the applicant, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to payment, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which ~~the~~ a written claim is mailed shall determine ~~the~~ its date of filing.

Sec. 16. Minnesota Statutes 1994, section 296.18, subdivision 5, is amended to read:

Subd. 5. [GRADUATED REDUCTION-BASIS REFUND CLAIM, REQUIREMENTS.] Any distributor or other person claiming to be entitled to any refund provided for in subdivision 4 shall receive such refund upon filing with the commissioner a verified claim in such form and manner, and, containing such information~~, and accompanied by such invoices or other proof~~ as the commissioner shall require. The claim shall set forth, among other things, the total number of gallons of aviation gasoline or special fuel for aircraft use upon which the claimant has directly or indirectly paid the excise tax provided for in sections 296.02, subdivision 2, or 296.025, subdivision 2, during the calendar year, which has been received, stored, or withdrawn from storage by the claimant in this state and not sold or otherwise disposed of to others. The commissioner, on being satisfied that the claimant is entitled to the refund, shall approve the claim and transmit it to the commissioner of finance, and it shall be paid as provided for in section 296.421, subdivision 2. All claims for refunds under this subdivision shall be made on or before April 15 following the end of the calendar year for which the refund is claimed. Claims for aviation gasoline and special fuel tax refund filed within 15 days beyond the due date prescribed by this subdivision shall be honored by the commissioner less a penalty of 25 percent of the amount of the approved claim.

Sec. 17. [340A.7035] [CONSUMER IMPORTATION; ILLEGAL ACTS.]

A person who enters Minnesota from another state and who imports or possesses alcoholic beverages in excess of the tax-exempt quantities provided for in section 297C.07, paragraphs (10), (11), and (12), is guilty of a misdemeanor. A person who enters Minnesota from a foreign country who imports or possesses alcoholic beverages on which the excise tax imposed by sections 297C.02 and 297C.09 has not been paid, other than the tax-exempt quantities provided for in section 297C.07, paragraphs (10), (11), and (12), is guilty of a misdemeanor. A peace officer, the commissioner of public safety, and employees designated by the commissioner of public safety may seize alcoholic beverages imported or possessed in violation of this section. This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of

Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the commissioner of public safety or to common carriers with licenses to sell alcoholic beverages in more than one state when licensed by the commissioner of public safety to sell alcoholic beverages in this state.

Sec. 18. [EFFECTIVE DATE.]

Section 1 is effective for lawsuits initiated on or after the day following final enactment.

Sections 2 to 17 are effective the day following final enactment.

ARTICLE 15

REVENUE TECHNICAL INITIATIVES

INCOME TAX AND PROPERTY TAX REFUND

Section 1. Minnesota Statutes 1994, section 290.032, subdivision 1, is amended to read:

Subdivision 1. There is hereby imposed as an addition to the annual income tax for a taxable year of a taxpayer in the classes described in section 290.03 a tax with respect to any distribution received by such taxpayer that is treated as a lump sum distribution under section ~~402(e)~~ 402(d) of the Internal Revenue Code and that is subject to tax for such taxable year under section ~~402(e)~~ 402(d) of the Internal Revenue Code.

Sec. 2. Minnesota Statutes 1994, section 290.032, subdivision 2, is amended to read:

Subd. 2. The amount of tax imposed by subdivision 1 shall be computed in the same way as the tax imposed under section ~~402(e)~~ 402(d) of the Internal Revenue Code, except that the initial separate tax shall be an amount equal to five times the tax which would be imposed by section 290.06, subdivision 2c, if the recipient was an unmarried individual, and the taxable net income was an amount equal to one-fifth of the excess of

(i) the total taxable amount of the lump sum distribution for the year, over

(ii) the minimum distribution allowance, and except that references in section ~~402(e)~~ 402(d) of the Internal Revenue Code to paragraph (1)(A) thereof shall instead be references to subdivision 1, and the excess, if any, of the subtraction base amount over federal taxable income for a qualified individual as provided under section 290.0802, subdivision 2.

Sec. 3. Minnesota Statutes 1994, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 12 percent over the net property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is $100 or more for taxes payable in 1995 and 1996, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or $100 for taxes payable in 1995 and 1996. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is $1,000.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable minus refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) On or before December 1, 1995, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in 1996. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1996 exceed $5,500,000, the commissioner shall first reduce the 60 percent refund rate enough, but to no lower a rate than 50 percent, so that the estimated total refund claims do not exceed $5,500,000. If the commissioner estimates that total claims will exceed $5,500,000 at a 50 percent refund rate, the commissioner shall also reduce the $1,000 maximum refund amount by enough so that total estimated refund claims do not exceed $5,500,000.

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

(e) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

Sec. 4. Minnesota Statutes 1994, section 290A.04, subdivision 6, is amended to read:

Subd. 6. [INFLATION ADJUSTMENT.] Beginning for property tax refunds payable in calendar year 1996, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 290.06, subdivision 2d, except that for purposes of this subdivision the percentage increase shall be determined from the year ending on August 31, ~~1993~~ 1994, to the year ending on August 31 of the year preceding that in which the refund is payable. The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest $10 amount. If the amount ends in $5, the commissioner shall round it up to the next $10 amount.

The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the administrative procedure act.

Sec. 5. Laws 1994, chapter 587, article 1, section 27, is amended to read:

Sec. 27. [EFFECTIVE DATE.]

Sections 1, 7, 10, 13, 15, 16, and 22 are effective for taxable years beginning after December 31, 1993.

Section 2 is effective to be used as an offset against premium tax liabilities payable after November 30, 1995. If a guaranty association assessment was made before August 1, 1994, under Minnesota Statutes 1992, sections 61B.01 to 61B.16, and is revoked or invalidated, a subsequent assessment to pay the same liabilities shall not be eligible for the offset as provided for under Minnesota Statutes, section 60A.15, subdivision 15, and shall not be used in any calculation to determine the offset limitation under Minnesota Statutes, section 60A.15, subdivision 15, paragraph (c).

Sections 4 and 25, paragraph (b), are effective for installments of estimated taxes due after the day following enactment.

Section 5 is effective for taxable years beginning after December 31, 1994.

Section 8 is effective for wages paid or incurred after December 31, 1993.

Section 20 is effective to be used as an offset against tax liabilities payable after June 30, 1995. If a guaranty association assessment was made before August 1, 1994, under Minnesota Statutes 1992, sections 61B.01 to 61B.16 and is revoked or invalidated, a subsequent assessment to pay the same liabilities shall not be eligible for the offset as provided for under Minnesota Statutes, section

290.35, subdivision 6, and shall not be used in any calculation to determine the offset limitation under Minnesota Statutes, section 290.35, subdivision 6, paragraph (c).

Sec. 6. [REPEALER.]

Minnesota Statutes 1994, section 290A.04, subdivision 2i, and Laws 1989, First Special Session chapter 1, article 7, section 9, are repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 and 2 are effective for tax years beginning after December 31, 1994. Section 5 is effective for tax years beginning after December 31, 1993. Section 6 is effective for property taxes payable in 1995 and thereafter. Sections 3 and 4 are effective for refunds based on property taxes payable in 1996 and rent paid in 1995 and thereafter.

ARTICLE 16

REVENUE TECHNICAL INITIATIVES

PROPERTY TAX

Section 1. Minnesota Statutes 1994, section 270.47, is amended to read:

270.47 [RULES.]

The board shall establish the rules necessary to accomplish the purpose of section 270.41, and shall establish criteria required of assessing officials in the state. Separate criteria may be established depending upon the responsibilities of the assessor. The board shall prepare and give examinations from time to time to determine whether assessing officials possess the necessary qualifications for performing the functions of the office. Such tests shall be given immediately upon completion of courses required by the board, or to persons who already possess the requisite qualifications under the rules of the board. ~~Rules adopted by the board before July 1, 1981 to accomplish the purposes of sections 270.41 to 270.53, including those relating to licensure, are valid without compliance with the administrative procedure act.~~

Sec. 2. Minnesota Statutes 1994, section 270.48, is amended to read:

270.48 [LICENSURE OF QUALIFIED PERSONS.]

The board shall license persons as possessing the necessary qualifications of an assessing official. Different levels of licensure may be established as to classes of property which assessors may be certified to assess at the discretion of the board. Every person, except a local or county assessor, regularly employed by the assessor to assist in making decisions regarding valuing and classifying property for assessment purposes shall be required to become licensed within three years of the date of employment ~~or June 1, 1975, whichever is later~~. Licensure shall be required for local and county assessors as otherwise provided in sections 270.41 to 270.53.

Sec. 3. Minnesota Statutes 1994, section 270.485, is amended to read:

270.485 [SENIOR ACCREDITATION.]

The legislature finds that the property tax system would be enhanced by requiring that every senior appraiser in the department of revenue's ~~local government services~~ property tax division obtain senior accreditation from the state board of assessors. Every senior appraiser, including the department's regional representatives, ~~by January 1, 1990,~~ and every county assessor within two years of the first appointment under section 273.061, ~~or by January 1, 1992, whichever is later,~~ must obtain senior accreditation from the state board of assessors. The board shall provide the necessary courses or training. If a department senior appraiser or regional representative fails to obtain or maintain senior accreditation ~~by January 1, 1990~~, the failure shall be grounds for dismissal, disciplinary action, or corrective action. Except as provided in section 273.061, subdivision 2, paragraph (c), ~~after December 30, 1991,~~ the commissioner must not approve the appointment of a county assessor who is not senior accredited by the state board of assessors. No employee hired by the commissioner as a senior appraiser or regional representative ~~after June 30, 1987,~~ shall attain permanent status until the employee obtains senior accreditation.

Sec. 4. Minnesota Statutes 1994, section 270.494, is amended to read:

270.494 [CERTAIN TOWNSHIPS AND CITIES OPTION TO ELECT TO REINSTATE THE OFFICE OF ASSESSOR.]

Notwithstanding the provisions of ~~sections 270.49, 270.493, and~~ section 273.05, subdivision 1, a city or township in which the office of assessor has been eliminated because of ~~failure of the city or township to certify by resolution to the commissioner of revenue its intention to employ or continue to employ a certified assessor on or before April 1, 1972, pursuant to section 270.49, or failure to hire a certified assessor prior to June 15, 1975, pursuant to sections 270.493 and 270.50, or~~ failure to fill a vacancy in the office within 90 days pursuant to section 273.05, subdivision 1, may elect, with the approval of the commissioner, to have the office of assessor reinstated by hiring a certified or accredited assessor. This section shall not apply to Ramsey county or to cities and townships located in counties which have elected a county assessment system in accordance with section 273.055.

Sec. 5. Minnesota Statutes 1994, section 270.50, is amended to read:

270.50 [EMPLOYMENT OF LICENSED ASSESSORS.]

~~Commencing June 15, 1975,~~ No assessor shall be employed who has not been licensed as qualified by the board, provided the time to comply may be extended after application to the board upon a showing that licensed assessors are not available for employment. The board may license that a county or local assessor who has not received the training, but possesses the necessary qualifications for performing the functions of the office by the passage of an approved examination or may waive the examination if such person has demonstrated competence in performing the functions of the office for a period of time the board deems reasonable. The county or local assessing district shall assume the cost of training of its assessors in courses approved by the board for the purpose of obtaining the assessor's license to the extent of course fees, mileage, meals and lodging, and recognized travel expenses not paid by the state. If the governing body of any township or city fails to employ an assessor as required by sections 270.41 to 270.53, the assessment shall be made by the county assessor.

~~A town shall pay its assessor $20 for each day the assessor is attending approved courses or taking the examination. In addition, the town shall pay its assessor $10 for each approved course successfully completed and $20 upon licensure. The maximum payable to an assessor for successful completion of courses and licensure shall not exceed $50.~~

In the case of cities incorporated or townships organized after April 11, 1974 except cities or towns located in Ramsey county or which have elected a county assessor system in accordance with section 273.055, the board shall allow the city or town 90 days from ~~the latter of June 3, 1977 or~~ the date of incorporation or organization to employ a licensed assessor.

Sec. 6. Minnesota Statutes 1994, section 270.52, is amended to read:

270.52 [COSTS OF MAKING ASSESSMENTS.]

The cost of making any assessment provided in sections 270.41 to 270.53 shall be charged to the assessment district involved. The county auditor shall certify the costs incurred to the appropriate governing body not later than ~~September~~ August 1 of each year, and if unpaid as of ~~October 10~~ September 1, the county auditor shall levy a tax upon the taxable property of such taxing district sufficient to pay such costs. The amount so collected shall be credited to the general revenue fund of the county.

Sec. 7. Minnesota Statutes 1994, section 270.53, is amended to read:

270.53 [EXISTING CONTRACTS FOR ASSESSMENT OF PROPERTY.]

Sections 270.41 to 270.53 shall not supersede existing contracts executed pursuant to section 273.072 or 471.59 except to the extent that such contracts may conflict with section ~~270.49 or~~ 270.50 nor preclude contracts between a taxing district and the county for the assessment of property by the county assessor.

Sec. 8. Minnesota Statutes 1994, section 272.121, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] No certification of current tax paid is required when the land is being conveyed to the federal government, the state, or a home rule charter or statutory city or any other political subdivision~~, or~~. No certification of current tax paid is required under subdivision 1 for any sheriff's or referee's certificate of sale or other instrument if a certification of delinquent tax for the instrument is not required under section 272.12.

Sec. 9. Minnesota Statutes 1994, section 273.11, subdivision 16, is amended to read:

Subd. 16. [VALUATION EXCLUSION FOR CERTAIN IMPROVEMENTS.] Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that (1) the house is at least 35 years old at the time of the improvement and (2) either (a) the assessor's estimated market value of the house on January 2 of the current year is equal to or less than $150,000, or (b) if the estimated market value of the house is over $150,000 market value but is less than $300,000 on January 2 of the current year, the property qualifies if

(i) it is located in a city or town in which 50 percent or more of the ~~homes~~ owner-occupied housing units were constructed before 1960 based upon the 1990 federal census, and

(ii) the city or town's median family income based upon the 1990 federal census is less than the statewide median family income based upon the 1990 federal census.

Any house which has an estimated market value of $300,000 or more on January 2 of the current year is not eligible to receive any property valuation exclusion under this section. For purposes of determining this eligibility, "house" means land and buildings.

The age of a residence is the number of years that the residence has existed at its present site. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued prior to commencement of the improvement. Any improvement must add at least $1,000 to the value of the property to be eligible for exclusion under this subdivision. Only improvements to the structure which is the residence of the qualifying homesteader or construction of or improvements to no more than one two-car garage per residence qualify for the provisions of this subdivision. If an improvement was begun between January 2, 1992, and January 2, 1993, any value added from that improvement for the January 1994 and subsequent assessments shall qualify for exclusion under this subdivision provided that a building permit was obtained for the improvement between January 2, 1992, and January 2, 1993. Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the property owner of the possibility of valuation exclusion under this subdivision. The assessor shall require an application, including documentation of the age of the house from the owner, if unknown by the assessor. The application may be filed subsequent to the date of the building permit provided that the application is filed prior to the next assessment date.

After the adjournment of the 1994 county board of equalization meetings, no exclusion may be granted for an improvement by a local board of review or county board of equalization unless (1) a building permit was issued prior to the commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed on a timely basis. No abatement of the taxes for qualifying improvements may be granted by a county board unless (1) a building permit was issued prior to commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed on a timely basis.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made, at which time an amount equal to 20 percent of the qualifying value shall be added back in each of the five subsequent assessment years. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision. Improvements made by an occupant who is the purchaser of the property under a conditional purchase contract

do not qualify under this subdivision unless the seller of the property is a governmental entity. The qualifying value of the property shall be computed based upon the increase from that structure's market value as of January 2 preceding the acquisition of the property by the governmental entity.

The total qualifying value for a homestead may not exceed $50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed $25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70 years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The $25,000 and $50,000 maximum qualifying value under this subdivision may result from up to three separate improvements to the homestead. The application shall state, in clear language, that if more than three improvements are made to the qualifying property, a taxpayer may choose which three improvements are eligible, provided that after the taxpayer has made the choice and any valuation attributable to those improvements has been excluded from taxation, no further changes can be made by the taxpayer.

If 50 percent or more of the square footage of a structure is voluntarily razed or removed, the valuation increase attributable to any subsequent improvements to the remaining structure does not qualify for the exclusion under this subdivision. If a structure is unintentionally or accidentally destroyed by a natural disaster, the property is eligible for an exclusion under this subdivision provided that the structure was not completely destroyed. The qualifying value on property destroyed by a natural disaster shall be computed based upon the increase from that structure's market value as determined on January 2 of the year in which the disaster occurred. A property receiving benefits under the homestead disaster provisions under section 273.123 is not disqualified from receiving an exclusion under this subdivision. If any combination of improvements made to a structure after January 1, 1993, increases the size of the structure by 100 percent or more, the valuation increase attributable to the portion of the improvement that causes the structure's size to exceed 100 percent does not qualify for exclusion under this subdivision.

Sec. 10. Minnesota Statutes 1994, section 273.1398, is amended by adding a subdivision to read:

Subd. 2d. [AIDS DETERMINED AS OF JUNE 30.] For aid amounts authorized under subdivisions 2 and 3, and section 273.166: (i) if the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is on or before June 30 of the year preceding the aid distribution year, the change in boundaries or form of government shall be recognized for aid determinations for the aid distribution year; (ii) if the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is after June 30 of the year preceding the aid distribution year, the change in boundaries or form of government shall not be recognized for aid determinations until the following year.

Sec. 11. Minnesota Statutes 1994, section 273.17, subdivision 2, is amended to read:

Subd. 2. In counties where the county auditor has elected to discontinue the preparation of assessment books as provided by section 273.03, subdivision 2, such changes as provided for in subdivision 1 of this section, shall be recorded in a separate record prepared under the direction of the county assessor and shall identify, by description or property identification number, or both, the real estate affected, the previous year's net tax capacities and the new market values and net tax capacities, provided that if only property identification numbers are used they shall be such that shall permit positive identification of the real estate to which they apply. Such record shall further indicate the total amount of increase or decrease in net tax capacity contained therein. The county assessor shall make return of such record to the county auditor who shall be the official custodian thereof.

Such record shall be known as "County assessor's changes in real estate valuations for the year ~~19.....~~". Such records on file in the county auditor's office may be destroyed when they are more than ~~20~~ ten years old pursuant to the conditions for destruction of government records contained in Minnesota Statutes ~~1961~~, ~~section 384.14~~ sections 138.161 to 138.25.

Sec. 12. Minnesota Statutes 1994, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 29 and December 20, the governing bodies of the city, county, metropolitan special taxing districts as defined in subdivision 3, paragraph (i), and regional library districts shall each hold a public hearing to discuss and seek public comment on its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to review its current budget and proposed property tax levy for taxes payable in the following year. The metropolitan special taxing districts shall be required to hold only a single joint public hearing, the location of which will be determined by the affected metropolitan agencies.

At a subsequent hearing, each county, school district, city, and metropolitan special taxing district may amend its proposed property tax levy and must adopt a final property tax levy. Each county, city, and metropolitan special taxing district may also amend its proposed budget and must adopt a final budget at the subsequent hearing. A school district is not required to adopt its final budget at the subsequent hearing. The subsequent hearing of a taxing authority must be held on a date subsequent to the date of the taxing authority's initial public hearing, or subsequent to the date of its continuation hearing if a continuation hearing is held. The subsequent hearing may be held at a regularly scheduled board or council meeting or at a special meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing of a taxing authority does not have to be coordinated by the county auditor to prevent a conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any other taxing authority. All subsequent hearings must be held prior to five working days after December 20 of the levy year.

The time and place of the subsequent hearing must be announced at the initial public hearing or at the continuation hearing.

The property tax levy certified under section 275.07 by a city, county, metropolitan special taxing district, regional library district, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124.82, subdivision 3, 124A.03, subdivision 2, 124B.03, subdivision 2, or 136C.411, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a;

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of education after the proposed levy was certified; and

(7) the amount required under section 124.755.

At the hearing under this subdivision, the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. ~~At the hearing held in 1993 only, specific information for previous year, current year, and proposed budget year must be presented on:~~

~~(i) percent of total proposed budget representing total compensation cost;~~

~~(ii) numbers of employees by general classification, and whether full or part time;~~

~~(iii) number and budgeted expenditures for independent contractors; and~~

~~(iv) the effect of budget increases or decreases on the proposed property tax levy.~~

During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions. At the subsequent hearing held as provided in this subdivision, the governing body, other than the governing body of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The governing body of a county shall hold a hearing on the second Tuesday in December each year, and may hold additional hearings on other dates before December 20 if necessary for the convenience of county residents. If the county needs a continuation of its hearing, the continued hearing shall be held on the third Tuesday in December. If the third Tuesday in December falls on December 21, the county's continuation hearing shall be held on Monday, December 20. The county auditor shall provide for the coordination of hearing dates for all cities and school districts within the county.

The metropolitan special taxing districts shall hold a joint public hearing on the first Monday of December. A continuation hearing, if necessary, shall be held on the second Monday of December.

By August 10, each school board and the board of the regional library district shall certify to the county auditors of the counties in which the school district or regional library district is located the dates on which it elects to hold its hearings and any continuations. If a school board or regional library district does not certify the dates by August 10, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the hearing dates of the county ~~hearing dates~~ or the metropolitan special taxing districts. ~~The Ramsey county auditor shall coordinate with the metropolitan special taxing districts as defined in subdivision 3, paragraph (i), a date on which the metropolitan special taxing districts will hold their joint public hearing and any continuation. The metropolitan special taxing districts shall decide on mutually agreeable dates for their joint public hearing and for any continuation of that hearing and certify these dates to the Ramsey county auditor on or before July 25.~~ By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts~~, metropolitan special taxing districts,~~ and regional library districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations. The city must not select dates that conflict with the county hearing dates, metropolitan special taxing district dates, or with those elected by or assigned to the school districts or regional library district in which the city is located.

The county hearing dates and the city, metropolitan special taxing district, regional library district, and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns and special taxing districts other than regional library districts and metropolitan special taxing districts.

Notwithstanding the requirements of this section, the employer is required to meet and negotiate over employee compensation as provided for in chapter 179A.

Sec. 13. Minnesota Statutes 1994, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality, the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph

(i), school district excess referenda levy, remaining school district levy, and the total of other voter approved referenda levies based on market value under section 275.61 must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referenda, including those taxes based on net tax capacity as well as those based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value under section 273.11, subdivision 1;

(2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;

(3) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

(4) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(5) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(6) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(7) the net tax payable in the manner required in paragraph (a).

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

Sec. 14. Minnesota Statutes 1994, section 284.28, subdivision 2, is amended to read:

Subd. 2. Except as provided in subdivision 5, no cause of action or defense shall be asserted or maintained upon any claim adverse to the state, or its successors in interest, including but not limited to any claim based upon any failure, omission, error, or defect described in subdivision 1, respecting any lands claimed to have been forfeited to the state for taxes, unless such cause of action or defense is asserted in an action commenced within one year after the filing of the county auditor's certificate of forfeiture, as provided by section 281.23, subdivision ~~8~~ 9, and acts supplementary thereto, or by any other law hereafter enacted providing for the filing and recording of such certificates.

Sec. 15. Minnesota Statutes 1994, section 298.75, subdivision 2, is amended to read:

Subd. 2. A county shall impose upon every importer and operator a production tax equal to ten cents per cubic yard or seven cents per ton of aggregate material removed except that the county board may decide not to impose this tax if it determines that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of aggregate material from that county. The tax shall be imposed on aggregate material produced in the county when the aggregate material is transported from the extraction site or sold~~, when in the case of storage the~~. When aggregate material is stored in a stockpile ~~is~~ within the state of Minnesota and ~~the highways are~~ a public highway, road or street is not used for transporting the aggregate material, the tax shall be imposed either when the aggregate material is sold, or when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first. The tax shall be imposed on an importer when the aggregate material is imported into the county that imposes the tax.

If the aggregate material is transported directly from the extraction site to a waterway, railway, or another mode of transportation other than a highway, road or street, the tax imposed by this section shall be apportioned equally between the county where the aggregate material is extracted and the county to which the aggregate material is originally transported. If that destination is not located in Minnesota, then the county where the aggregate material was extracted shall receive all of the proceeds of the tax.

Sec. 16. Minnesota Statutes 1994, section 428A.01, subdivision 5, is amended to read:

Subd. 5. [NET TAX CAPACITY.] Except as provided in section 428A.05, "net tax capacity" means the net tax capacity most recently certified by the county auditor under section 428A.03, subdivision 1a, before the effective date of the ordinance or resolution adopted under section 428A.02 or 428A.03.

Sec. 17. Minnesota Statutes 1994, section 428A.03, is amended by adding a subdivision to read:

Subd. 1a. [CERTIFICATION OF NET TAX CAPACITY.] Upon a request of the city, the county auditor must certify the most recent net tax capacity of the taxable property subject to service charges within the special service district.

Sec. 18. Minnesota Statutes 1994, section 428A.05, is amended to read:

428A.05 [COLLECTION OF SERVICE CHARGES.]

Service charges may be imposed on the basis of the net tax capacity of the property on which the service charge is imposed but must be spread only upon the net tax capacity of the taxable property located in the geographic area described in the ordinance. Service charges based on net tax capacity may be payable and collected at the same time and in the same manner as provided for payment and collection of ad valorem taxes. When made payable in the same manner as ad valorem taxes, service charges not paid on or before the applicable due date shall be subject to the same penalty and interest as in the case of ad valorem tax amounts not paid by the respective due date. The due date for a service charge payable in the same manner as ad valorem taxes is the due date given in law for the real or personal property tax for the property on which the service charge is imposed. Services charges imposed on net tax capacity which are to become payable in the following year must be certified to the county auditor by the date provided in section 429.061, subdivision 3, for the annual certification of special assessment installments. Other service charges imposed must be collected as provided by ordinance. Service charges based on net tax capacity collected under sections 428A.01 to 428A.10 are not included in computations under section

469.177, chapter 473F, or any other law that applies to general ad valorem levies. For the purpose of this section, "net tax capacity" means the net tax capacity most recently determined at the time that tax rates are determined under section 275.08.

Sec. 19. Minnesota Statutes 1994, section 473.446, subdivision 1, is amended to read:

Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.] For the purposes of sections 473.404 to 473.449 and the metropolitan transit system, except as otherwise provided in this subdivision, the council shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) an amount which shall be used for payment of the expenses of operating transit and paratransit service and to provide for payment of obligations issued by the council under section 473.436, subdivision 6;

(b) an additional amount, if any, the council determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1985, to which property taxes under this section have been pledged; and

(c) an additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, including refunding bonds or other obligations issued or to be issued under section 473.39 by the council for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the council has specifically pledged tax levies under this clause.

The property tax levied by the council for general purposes under clause (a) must not exceed the following amount for the years specified:

(1) for taxes payable in 1995, the council's property tax levy limitation for general transit purposes is equal to the former regional transit board's property tax levy limitation for general transit purposes under this subdivision, for taxes payable in 1994, multiplied by an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan transit taxing district for the current ~~assessment~~ taxes payable year divided by the total market valuation of all taxable property located within the metropolitan transit taxing district for the previous ~~assessment~~ taxes payable year; and

(2) for taxes payable in 1996 and subsequent years, the product of (i) the council's property tax levy limitation for general transit purposes for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan transit taxing district for the current taxes payable year divided by the total market valuation of all taxable property located within the metropolitan transit taxing district for the previous taxes payable year.

For the taxes payable year 1995, the index for market valuation changes shall be multiplied by an amount equal to the sum of the regional transit board's property tax levy limitation for the taxes payable year 1994 and $160,665. The $160,665 increase shall be a permanent adjustment to the levy limit base used in determining the regional transit board's property tax levy limitation for general purposes for subsequent taxes payable years.

For the purpose of determining the council's property tax levy limitation for general transit purposes under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan transit taxing district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive full-peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.510 percent of net tax capacity on the property. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive limited peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.765 percent of net tax capacity on the property. The amounts so computed by

the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner shall review the certifications to determine their accuracy and may make changes in the certification as necessary or return a certification to the county auditor for corrections. The commissioner shall pay to the council the amounts certified by the county auditors on the dates provided in section 273.1398. There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments.

For the purposes of this subdivision, "full-peak and limited off-peak service" means peak period regular route service, plus weekday midday regular route service at intervals longer than 60 minutes on the route with the greatest frequency; and "limited peak period service" means peak period regular route service only.

For the purposes of property taxes payable in the following year, the council shall annually determine which cities and towns qualify for the 0.510 percent or 0.765 percent tax capacity rate reduction and shall certify this list to the county auditor of the county wherein such cities and towns are located on or before September 15. No changes may be made to the annual list after September 15.

Sec. 20. Minnesota Statutes 1994, section 473.711, subdivision 2, is amended to read:

Subd. 2. [BUDGET; TAX LEVY.] The metropolitan mosquito control commission shall prepare an annual budget. The budget may provide for expenditures in an amount not exceeding the property tax levy limitation determined in this subdivision. The commission may levy a tax on all taxable property in the district as defined in section 473.702 to provide funds for the purposes of sections 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined in this subdivision. A participating county may agree to levy an additional tax to be used by the commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and commission's taxes may not exceed the county's proportionate share of the property tax levy limitation determined under this subdivision based on the ratio of its total net tax capacity to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision 3. The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito, disease vectoring tick, and black gnat (Simuliidae) control except under sections 473.701 to 473.716. The levy shall be in addition to other taxes authorized by law.

The property tax levied by the metropolitan mosquito control commission shall not exceed the product of (1) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the district for the current ~~assessment~~ taxes payable year divided by the total market valuation of all taxable property located within the district for the previous ~~assessment~~ taxes payable year.

For the purpose of determining the commission's property tax levy limitation under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

Sec. 21. [REPEALER.]

Minnesota Statutes 1994, sections 270.49; and 270.493; and Laws 1988, chapter 698, section 5, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Sections 1 to 5, 7 to 9, 11 to 18, and 21 are effective the day following final enactment. Section 6 is effective for taxes payable in 1997 and thereafter. Section 10 is effective for aids payable in 1995 and thereafter. Sections 19 and 20 are effective for taxes payable in 1995 and thereafter.

ARTICLE 17

REVENUE TECHNICAL INITIATIVES

SALES AND SPECIAL TAXES

Section 1. Minnesota Statutes 1994, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] (a) Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year, in the case of individuals. Annual use tax returns of businesses, including sole proprietorships, and annual sales tax returns must be filed by February 5 following the close of the calendar year.

(b) Except for the return for the June reporting period, which is due on the following August 25, returns filed by retailers required to remit liabilities by means of funds transfer under section 289A.20, subdivision 4, paragraph (d), are due on or before the 25th day of the month following the close of the preceding reporting period. ~~The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the estimated June liability is due, and on or before August 25 of a year, the retailer must file a return showing the actual June liability.~~

(c) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than $500 per month in any quarter of a calendar year, and has substantially complied with the tax laws during the preceding four calendar quarters, the retailer may request authorization to file and pay the taxes quarterly in subsequent calendar quarters. The authorization remains in effect during the period in which the retailer's quarterly returns reflect sales and use tax liabilities of less than $1,500 and there is continued compliance with state tax laws.

(d) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than $100 per month during a calendar year, and has substantially complied with the tax laws during that period, the retailer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the retailer's annual returns reflect sales and use tax liabilities of less than $1,200 and there is continued compliance with state tax laws.

(e) The commissioner may also grant quarterly or annual filing and payment authorizations to retailers if the commissioner concludes that the retailers' future tax liabilities will be less than the monthly totals identified in paragraphs (c) and (d). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (c) and (d).

Sec. 2. Minnesota Statutes 1994, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous period of 30 days or more, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing;

(c) The furnishing, preparing, or serving for a consideration of food, meals, or drinks. "Sale" does not include:

(1) meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities;

(2) meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies,

nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served; or

(3) meals and lunches served at public and private schools, universities, or colleges. Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

(i) heated food or drinks;

(ii) sandwiches prepared by the retailer;

(iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;

(iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;

(v) soft drinks and other beverages prepared or served by the retailer;

(vi) gum;

(vii) ice;

(viii) all food sold in vending machines;

(ix) party trays prepared by the retailers; and

(x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;

(d) The granting of the privilege of admission to places of amusement, recreational areas, or athletic events, except a world championship football game sponsored by the national football league, and the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam baths, turkish baths, health clubs, and spas or athletic facilities;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state. Telephone service includes paging services and private communication service, as defined in United States Code, title 26, section 4252(d), except for private communication service purchased by an agent acting on behalf of the state lottery. The furnishing for a consideration of access to telephone services by a hotel to its guests is a sale under this clause. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale. The sale of natural gas to be used as a fuel in vehicles propelled by natural gas shall not be considered a sale for the purposes of this section;

(g) The furnishing for a consideration of cable television services, including charges for basic service, charges for premium service, and any other charges for any other pay-per-view, monthly, or similar television services;

(h) Notwithstanding section 297A.25, subdivisions 9 and 12, the sales of racehorses including claiming sales and fees paid for breeding racehorses or horses previously used for racing shall be considered a "sale" and a "purchase." "Racehorse" means a horse that is or is intended to be used for racing and whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association. "Sale" does not include fees paid for breeding horses that are not racehorses;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) ~~services provided by~~ detective ~~agencies~~ services, security services, burglar, fire alarm, and armored car services not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; tree, bush, shrub and stump removal; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) solid waste collection and disposal services as described in section 297A.45;

(viii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(ix) the furnishing for consideration of lodging, board and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes;

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, for educational and social activities for young people primarily age 18 and under.

Sec. 3. Minnesota Statutes 1994, section 297E.02, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] A tax is imposed on all lawful gambling other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, at the rate of ten percent on the gross receipts as defined in section ~~349.12~~ 297E.01, subdivision ~~21~~ 8, less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 8, or a tax authorized under subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

Sec. 4. Minnesota Statutes 1994, section 297E.02, subdivision 6, is amended to read:

Subd. 6. [COMBINED RECEIPTS TAX.] In addition to the taxes imposed under subdivisions 1 and 4, a tax is imposed on the combined receipts of the organization. As used in this section, "combined receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of bingo, raffles, and paddlewheels, as defined in section ~~349.12~~ 297E.01, subdivision ~~21~~ 8, for the fiscal year. The combined receipts of an organization are subject to a tax computed according to the following schedule:

If the combined receipts for the fiscal year are:	The tax is:
Not over $500,000	zero
Over $500,000, but not over $700,000	two percent of the amount over $500,000, but not over $700,000
Over $700,000, but not over $900,000	$4,000 plus four percent of the amount over $700,000, but not over $900,000
Over $900,000	$12,000 plus six percent of the amount over $900,000

Sec. 5. Minnesota Statutes 1994, section 297E.02, subdivision 11, is amended to read:

Subd. 11. [UNPLAYED OR DEFECTIVE PULL-TABS OR TIPBOARDS.] If a deal of pull-tabs or tipboards registered with the board or bar coded in accordance with ~~chapter~~ chapters 297E and 349 and upon which the tax imposed by subdivision 4 has been paid is returned unplayed to the distributor, the commissioner shall allow a refund of the tax paid.

If a defective deal registered with the board or bar coded in accordance with ~~chapter~~ chapters 297E and 349 and upon which the taxes have been paid is returned to the manufacturer, the distributor shall submit to the commissioner of revenue certification from the manufacturer that the deal was returned and in what respect it was defective. The certification must be on a form prescribed by the commissioner and must contain additional information the commissioner requires.

The commissioner may require that no refund under this subdivision be made unless the returned pull-tabs or tipboards have been set aside for inspection by the commissioner's employee.

Reductions in previously paid taxes authorized by this subdivision must be made when and in the manner prescribed by the commissioner.

Sec. 6. Minnesota Statutes 1994, section 297E.031, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION AND ISSUANCE.] A distributor who sells gambling products under this chapter must file an application with the commissioner ~~an application~~, on a form prescribed by the commissioner, for a gambling tax permit and identification number. The commissioner, when satisfied that the applicant ~~has a valid license from the board~~ meets all applicable requirements under chapters 297E and 349, shall issue the applicant a permit and number. A permit is not assignable and is valid only for the distributor in whose name it is issued.

Sec. 7. Minnesota Statutes 1994, section 297E.13, subdivision 5, is amended to read:

Subd. 5. [UNTAXED GAMBLING EQUIPMENT.] It is a gross misdemeanor for a person to possess gambling equipment for resale in this state that has not been stamped or bar-coded in accordance with ~~chapter~~ chapters 297E and 349 and upon which the taxes imposed by chapter 297A or section 297E.02, subdivision 4, have not been paid. The director of gambling enforcement or the commissioner or the designated inspectors and employees of the director or commissioner may seize in the name of the state of Minnesota any unregistered or untaxed gambling equipment.

Sec. 8. Minnesota Statutes 1994, section 325D.33, subdivision 4, is amended to read:

Subd. 4. [WHOLESALER TO PRESERVE COPIES OF INVOICES.] Every person who sells cigarettes to persons other than the ultimate consumer shall prepare for each sale itemized invoices showing the seller's name and address, the purchaser's name and address, the date of sale, and all prices ~~and discounts~~ and shall keep legible copies of them for one year from the date of sale.

Sec. 9. Minnesota Statutes 1994, section 349.163, subdivision 5, is amended to read:

Subd. 5. [PULL-TAB AND TIPBOARD FLARES.] (a) A manufacturer may not ship or cause to be shipped into this state or sell for use or resale in this state any deal of pull-tabs or tipboards that does not have its own individual flare as required for that deal by this subdivision and rule of the board. A person other than a manufacturer may not manufacture, alter, modify, or otherwise change a flare for a deal of pull-tabs or tipboards except as allowed by this chapter or board rules.

(b) A manufacturer must comply with either paragraphs (c) to (g) or (f) to (j) with respect to pull-tabs and tipboards sold by the manufacturer before January 1, 1995, for use or resale in Minnesota or shipped into or caused to be shipped into Minnesota by the manufacturer before January 1, 1995. A manufacturer must comply with paragraphs (f) to (j) with respect to pull-tabs and tipboards sold by the manufacturer on and after January 1, 1995, for use or resale in Minnesota or shipped into or caused to be shipped into Minnesota by the manufacturer on and after January 1, 1995. Paragraphs (c) to (e) expire January 1, 1995.

(c) The flare of each deal of pull-tabs and tipboards sold by a manufacturer for use or resale in Minnesota must have the Minnesota gambling stamp affixed. The flare, with the stamp affixed, must be placed inside the wrapping of the deal which the flare describes.

(d) Each pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers -- This pull-tab (or tipboard) game is not legal in Minnesota unless:

-- a Minnesota gambling stamp is affixed to this sheet, and

-- the serial number handwritten on the gambling stamp is the same as the serial number printed on this sheet and on the pull-tab (or tipboard) ticket you have purchased."

(e) The flare of each pull-tab and tipboard game must bear the serial number of the game, printed in numbers at least one-half inch high and must be imprinted with the following:

(1) the name of the game;

(2) the name of the manufacturer;

(3) the number of tickets in the deal; and

(4) other information the board by rule requires.

(f) The flare of each pull-tab and tipboard game must have affixed to or imprinted at the bottom a bar code that provides all information required by the commissioner of revenue under section 297E.04, subdivision 2.

The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of pull-tabs must affix to the outside of the box containing that game the same bar code that is affixed to or imprinted at the bottom of a flare for that deal.

(g) No person may alter the bar code that appears on the outside of a box containing a deal of pull-tabs and tipboards. Possession of a box containing a deal of pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

(h) The flare of each deal of pull-tabs and tipboards sold by a manufacturer for use or resale in Minnesota must have imprinted on it a symbol that is at least one inch high and one inch wide consisting of an outline of the geographic boundaries of Minnesota with the letters "MN" inside the outline. The flare must be placed inside the wrapping of the deal which the flare describes.

(i) Each pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers -- This pull-tab (or tipboard) game is not legal in Minnesota unless:

-- an outline of Minnesota with letters "MN" inside it is imprinted on this sheet, and

-- the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket you have purchased."

(j) The flare of each pull-tab and tipboard game must have the serial number of the game imprinted on the bar code at the bottom of the flare in numerals at least one-half inch high.

Sec. 10. [REPEALER.]

Minnesota Statutes 1994, section 60A.15, subdivision 7, is repealed.

Sec. 11. [INSTRUCTIONS TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall renumber section 297E.02, subdivision 5, as section 349.213, subdivision 3, and shall change all references to that section in Minnesota Statutes or Minnesota Rules accordingly.

Sec. 12. [EFFECTIVE DATE.]

Section 1 is effective for returns due in 1996 and thereafter. Sections 2 to 11 are effective the day following final enactment.

ARTICLE 18

REVENUE TECHNICAL INITIATIVES

MINNESOTACARE

Section 1. Minnesota Statutes 1994, section 295.50, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 295.50 to ~~295.58~~ 295.59, the following terms have the meanings given.

Sec. 2. Minnesota Statutes 1994, section 295.50, subdivision 4, is amended to read:

Subd. 4. [HEALTH CARE PROVIDER.] (a) "Health care provider" means:

(1) a person furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, medical supplies, medical appliances, laboratory, diagnostic or therapeutic services, or any goods and services not listed above that ~~qualifies~~ qualify for reimbursement under the medical assistance program provided under chapter 256B;

(2) a staff model health plan company; or

(3) ~~a licensed~~ an ambulance service required to be licensed.

(b) Health care provider does not include hospitals, nursing homes licensed under chapter 144A or licensed in any other jurisdiction, pharmacies, ~~and~~ surgical centers, bus and taxicab transportation, or any other providers of transportation services other than ambulance services required to be licensed, supervised living facilities for persons with mental retardation or related conditions, licensed under Minnesota Rules, parts 4665.0100 to 4665.9900, residential care homes licensed under chapter 144B, board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.031 to provide supportive services or health supervision services, adult foster homes as defined in Minnesota Rules, part 9555.5050 and boarding care homes, as defined in Minnesota Rules, part 4655.0100.

Sec. 3. Minnesota Statutes 1994, section 295.53, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTIONS.] The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.57:

(1) payments received for services provided under the Medicare program, including payments received from the government, and organizations governed by sections 1833 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, and enrollee deductibles, coinsurance, and copayments, whether paid by the individual or by insurer or other third party. Payments for services not covered by Medicare are taxable;

(2) medical assistance payments including payments received directly from the government or from a prepaid plan;

(3) payments received for home health care services;

(4) payments received from hospitals or surgical centers for goods and services on which liability for tax is imposed under section 295.52 or the source of funds for the payment is exempt under clause (1), (2), (7), (8), or (10);

(5) payments received from health care providers for goods and services on which liability for tax is imposed under ~~sections 295.52 to 295.57~~ this chapter or the source of funds for the payment is exempt under clause (1), (2), (7), (8), or (10);

(6) amounts paid for legend drugs, other than nutritional products, to a wholesale drug distributor reduced by reimbursements received for legend drugs under clauses (1), (2), (7), and (8);

(7) payments received under the general assistance medical care program including payments received directly from the government or from a prepaid plan;

(8) payments received for providing services under the MinnesotaCare program including payments received directly from the government or from a prepaid plan and enrollee deductibles, coinsurance, and copayments;

(9) payments received by a resident health care provider or the wholly owned subsidiary of a resident health care provider for care provided outside Minnesota to a patient who is not domiciled in Minnesota;

(10) payments received from the chemical dependency fund under chapter 254B;

(11) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(12) payments received for providing patient services if the services are incidental to conducting medical research;

(13) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer;

(14) payments received for services provided by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, and community mental health centers as defined in section 245.62, subdivision 2;

(15) government payments received by a regional treatment center;

(16) payments received for hospice care services;

(17) payments received by a resident health care provider or the wholly owned subsidiary of a resident health care provider for medical supplies, appliances and equipment delivered outside of Minnesota;

~~(18) payments received for services provided by community supervised living facilities for persons with mental retardation or related conditions licensed under Minnesota Rules, parts 4665.0100 to 4665.9900;~~

~~(19)~~ payments received by a post-secondary educational institution from student tuition, student activity fees, health care service fees, government appropriations, donations, or grants. Fee for service payments and payments for extended coverage are taxable; and

~~(20)~~ (19) payments received for services provided by: ~~residential care homes licensed under chapter 144B; board and lodging establishments providing only custodial services, that are licensed under chapter 157 and registered under section 157.031 to provide supportive services or health supervision services; and~~ assisted living programs~~,~~ and congregate housing programs~~, and other senior housing options~~.

Sec. 4. Minnesota Statutes 1994, section 295.53, subdivision 5, is amended to read:

Subd. 5. [~~DEDUCTIONS~~ EXEMPTIONS FOR PHARMACIES.] (a) Pharmacies may ~~deduct~~ exclude from their gross revenues subject to tax payments for medical supplies, appliances, and devices that are exempt ~~under subdivision 1, except payments~~ under subdivision 1, clauses ~~(3), (6), (9), (11), and (14)~~ (1), (2), (4), (5), (7), (8), and (13).

(b) Resident pharmacies may ~~deduct~~ exclude from their gross revenues subject to tax payments received for medical supplies, appliances, and equipment delivered outside of Minnesota.

Sec. 5. Minnesota Statutes 1994, section 295.55, is amended by adding a subdivision to read:

Subd. 7. [EXTENSIONS FOR FILING RETURNS.] If good cause exists, the commissioner may extend the time for filing MinnesotaCare tax returns for not more than 60 days.

Sec. 6. Minnesota Statutes 1994, section 295.57, is amended to read:

295.57 [COLLECTION AND ENFORCEMENT; REFUNDS; RULEMAKING; APPLICATION OF OTHER CHAPTERS; INTEREST ON OVERPAYMENTS.]

Subdivision 1. [APPLICATION OF OTHER CHAPTERS.] Unless specifically provided otherwise by sections 295.50 to ~~295.58~~ 295.59, the enforcement, interest, and penalty provisions under chapter 294, appeal provisions in sections 289A.43 and 289A.65, criminal penalties in section 289A.63, and refunds provisions in section 289A.50, and collection and rulemaking provisions under chapter 270, apply to a liability for the taxes imposed under sections 295.50 to ~~295.58~~ 295.59.

Subd. 2. [INTEREST ON OVERPAYMENTS.] Interest must be paid on an overpayment refunded or credited to the taxpayer from the date of payment of the tax until the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the due date of the return or the date of actual payment of the tax, whichever is later.

Sec. 7. [EFFECTIVE DATES.]

Sections 1 and 4 are effective the day following final enactment.

Sections 2 and 3 are effective for tax periods beginning on or after January 1, 1996.

Section 5 is effective for returns due on or after January 1, 1996.

Section 6 is retroactively effective from January 1, 1994.

ARTICLE 19

REVENUE TECHNICAL INITIATIVES

MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 270.69, subdivision 10, is amended to read:

Subd. 10. [LIMITATION FOR HOMESTEAD PROPERTY.] A lien imposed under this section upon property defined as homestead property in ~~chapter 510~~ sections 510.01 and 510.02 may not be enforced against homestead property by levy under section 270.70, or by judgment lien foreclosure under chapter 550, but notwithstanding section 510.07, is enforceable against the proceeds from the sale, conveyance, or transfer of the homestead.

Sec. 2. Minnesota Statutes 1994, section 270B.03, subdivision 1, is amended to read:

Subdivision 1. [WHO MAY INSPECT.] Returns and return information must, on written request, be made open to inspection by or disclosure to the data subject. For purposes of this chapter, the following are the data subject:

(1) in the case of an individual return, that individual;

(2) in the case of an income tax return filed jointly, either of the individuals with respect to whom the return is filed;

(3) in the case of a partnership return, any person who was a member of the partnership during any part of the period covered by the return;

(4) in the case of the return of a corporation or its subsidiary:

(i) any person designated by resolution of the board of directors or other similar governing body;

(ii) any officer or employee of the corporation upon written request signed by any officer and attested to by the secretary or another officer;

(iii) any bona fide shareholder of record owning one percent or more of the outstanding stock of the corporation;

(iv) if the corporation is a corporation that has made an election under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1988, any person who was a shareholder during any part of the period covered by the return during which an election was in effect; or

(v) if the corporation has been dissolved, any person authorized by state law to act for the corporation or any person who would have been authorized if the corporation had not been dissolved;

(5) in the case of an estate return:

(i) the personal representative or trustee of the estate; and

(ii) any heir at law, next of kin, or beneficiary of the estate, but only if the commissioner finds that the heir at law, next of kin, or beneficiary has a material interest that will be affected by information contained in the return;

(6) in the case of a trust return:

(i) the trustee or trustees, jointly or separately; and

(ii) any beneficiary of the trust, but only if the commissioner finds that the beneficiary has a material interest that will be affected by information contained in the return;

(7) if liability has been assessed to a transferee under section 289A.31, subdivision 3, the transferee is the data subject with regard to the returns and return information relating to the assessed liability; ~~and~~

(8) in the case of an Indian tribal government or an Indian tribal government-owned entity,

(i) the chair of the tribal government, or

(ii) any person authorized by the tribal government; and

(9) in the case of a successor as defined in section 270.102, subdivision 1, paragraph (b), the successor is the data subject and information may be disclosed as provided by section 270.102, subdivision 4.

Sec. 3. Minnesota Statutes 1994, section 270B.12, subdivision 2, is amended to read:

Subd. 2. [~~MUNICIPALITIES~~ LOCAL UNITS OF GOVERNMENT.] Sales ~~and~~ or use tax returns and return information are open to inspection by or disclosure to the taxing officials of any ~~municipality~~ local unit of government of the state of Minnesota that has a local sales or use tax, for the purpose of and to the extent necessary for the administration of the local sales ~~and~~ or use tax.

Sec. 4. Minnesota Statutes 1994, section 270B.14, subdivision 11, is amended to read:

Subd. 11. [DISCLOSURE TO COMMISSIONER OF HEALTH.] (a) On the request of the commissioner of health, the commissioner may disclose return information to the extent provided in paragraph (b) and for the purposes provided in paragraph (c).

(b) Data that may be disclosed are limited to the taxpayer's identity, as defined in section 270B.01, subdivision 5.

(c) The commissioner of health may request data only for the purposes of carrying out epidemiologic investigations, which includes conducting occupational health and safety surveillance, and locating and notifying individuals exposed to health hazards as a result of employment. Requests for data by the commissioner of health must be in writing and state the purpose of the request. Data received may be used only for the purposes of section 144.0525.

(d) The commissioner may disclose health care service revenue data to the commissioner of health as provided by section 62J.41, subdivision 2.

Sec. 5. Minnesota Statutes 1994, section 289A.50, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RIGHT TO REFUND.] (a) Subject to the requirements of this section and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and who files a written claim for refund will be refunded or credited the overpayment of the tax determined by the commissioner to be erroneously paid.

(b) The claim must specify the name of the taxpayer, the date when and the period for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims was erroneously paid, the grounds on which a refund is claimed, and other information relative to the payment and in the form required by the commissioner. An income tax, estate tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes a claim for refund.

(c) When, in the course of an examination, and within the time for requesting a refund, the

commissioner determines that there has been an overpayment of tax, the commissioner shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the overpayment exceeds $1, the amount of the overpayment must be refunded to the taxpayer. If the amount of the overpayment is less than $1, the commissioner is not required to refund. In these situations, the commissioner does not have to make written findings or serve notice by mail to the taxpayer.

(d) If the amount allowable as a credit for withholding, estimated taxes, or dependent care exceeds the tax against which the credit is allowable, the amount of the excess is considered an overpayment. The refund allowed by section 290.06, subdivision 23, is also considered an overpayment. The requirements of section 270.10, subdivision 1, do not apply to the refunding of such an overpayment shown on the original return filed by a taxpayer.

(e) If the entertainment tax withheld at the source exceeds by $1 or more the taxes, penalties, and interest reported in the return of the entertainment entity or imposed by section 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than $1, the commissioner need not refund that amount.

(f) If the surety deposit required for a construction contract exceeds the liability of the out-of-state contractor, the commissioner shall refund the difference to the contractor.

(g) An action of the commissioner in refunding the amount of the overpayment does not constitute a determination of the correctness of the return of the taxpayer.

(h) There is appropriated from the general fund to the commissioner of revenue the amount necessary to pay refunds allowed under this section.

Sec. 6. Minnesota Statutes 1994, section 296.01, subdivision 34, is amended to read:

Subd. 34. [SPECIAL FUEL.] "Special fuel" means (1) all combustible gases and liquid petroleum products or substitutes therefor including ~~clear~~ undyed diesel fuel, except gasoline, which are delivered into the supply tank of a licensed motor vehicle or into storage tanks maintained by an owner or operator of a licensed motor vehicle as a source of supply for such vehicle; (2) all combustible gases and liquid petroleum products or substitutes therefor, except gasoline, when delivered to a licensed special fuel dealer or to the retail service station storage of a distributor who has elected to pay the special fuel excise tax as provided in section 296.12, subdivision 3; (3) all combustible gases and liquid petroleum products or substitutes therefor, except gasoline, which are used as aviation fuel; or (4) dyed fuel that is being used illegally in a licensed motor vehicle.

Sec. 7. Minnesota Statutes 1994, section 296.025, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] There is hereby imposed an excise tax of the same rate per gallon as the gasoline excise tax on all special fuel. For ~~clear~~ undyed diesel fuel, the tax is imposed on the first distributor who received the product in Minnesota. For dyed fuel being used illegally in a licensed motor vehicle, the tax is imposed on the owner or operator of the motor vehicle, or in some instances, on the dealer who supplied the fuel. For dyed fuel used in a motor vehicle but subject to a federal exemption, although no federal tax may be imposed, the fuel is subject to the state tax. For other fuels, including jet fuel, propane, and compressed natural gas, the tax is imposed on the distributor, special fuel dealer, or bulk purchaser. This tax is payable at the time and in the manner specified in this chapter. For purposes of this section, "owner or operator" means the operation of licensed motor vehicles, whether loaded or empty, whether for compensation or not for compensation, and whether owned by or leased to the motor carrier who operates them or causes them to be operated.

Sec. 8. Minnesota Statutes 1994, section 296.12, subdivision 3, is amended to read:

Subd. 3. [TAX COLLECTION, REPORTING AND PAYMENT.] (a) For ~~clear~~ undyed diesel fuel, the tax is imposed on the distributor who receives the fuel.

(b) For all other special fuels, the tax is imposed on the distributor, bulk purchaser, or special fuel dealer. The tax may be paid upon receipt or sale as follows:

(1) Distributors and special fuel dealers may, subject to the approval of the commissioner, elect

to pay to the commissioner the special fuel excise tax on all special fuel delivered or sold into the supply tank of an aircraft or a licensed motor vehicle. Under this option an invoice must be issued at the time of each delivery showing the name and address of the purchaser, date of sale, number of gallons, price per gallon and total amount of sale. A separate sales ticket book shall be maintained for special fuel sales; and

(2) Bulk purchasers shall report and pay the excise tax on all special fuel purchased by them for storage, to the commissioner.

(c) Any person delivering special fuel on which the excise tax has not previously been paid, into the supply tank of an aircraft or a licensed motor vehicle shall report such delivery and pay the excise tax on the special fuel so delivered, to the commissioner.

Sec. 9. Minnesota Statutes 1994, section 296.12, subdivision 4, is amended to read:

Subd. 4. [MONTHLY REPORTS; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, the persons subject to the provisions of this section shall file in the office of the commissioner at St. Paul, Minnesota, a report in the following manner:

(1) Distributors of ~~clear~~ undyed diesel fuel must file a monthly tax return with the department listing all purchases or receipts of ~~clear~~ undyed diesel fuel. Distributors may be allowed to take a credit or credits under section 296.14, subdivision 2.

(2) Distributors and dealers of special fuel other than ~~clear~~ undyed diesel fuel shall report the total number of gallons delivered to them during the preceding calendar month and shall pay the special fuel excise tax due thereon to the commissioner. The invoice must show the true and correct name and address of the purchaser, and the purchaser's signature. The report shall contain such other information as the commissioner may require.

(3) Distributors and dealers of special fuel other than ~~clear~~ undyed diesel fuel who have elected to pay the special fuel excise tax on all special fuel delivered into the supply tank of an aircraft or licensed motor vehicle as provided in subdivision 3, shall report the total number of gallons delivered into the supply tank of an aircraft or licensed motor vehicle during the preceding calendar month and shall pay the special fuel excise tax due thereon to the commissioner.

(4) Bulk purchasers shall report and pay the special fuel excise tax on all special fuel except ~~clear~~ undyed diesel fuel purchased by them for storage, during the preceding calendar month. In such cases as the commissioner may permit, credit for the excise tax due or previously paid on special fuel not used in aircraft or licensed motor vehicles, may be allowed in computing tax liability. The report shall contain such other information as the commissioner may require.

(5) In computing the special fuel excise tax due, a deduction of one percent of the quantity of special fuel on which tax is due shall be made for evaporation and loss.

(6) Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 10. [EFFECTIVE DATE.]

Section 1 is effective for sales, conveyances, or transfers on or after the day following final enactment.

Sections 2 to 9 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the financing and operation of government in this state; adopting federal income tax law changes; modifying certain tax rates, credits, refunds, bases, and exemptions; modifying property tax exemption, valuation, and classification provisions; providing for deduction of property tax refunds from property taxes; modifying or restricting certain requirements or uses of tax increment financing; modifying certain motor vehicle registration taxes; establishing a sales tax advisory council; authorizing certain local taxes, special districts and other local authority; modifying provisions relating to local excise taxes; modifying certain duties

imposed on local units of government and the department of revenue; authorizing issuance of bonds and tax anticipation certificates; modifying certain taconite occupation and production provisions; modifying the duties of the board of government innovation and cooperation; changing certain aids to local governments; modifying revenue recapture rules; changing the property tax treatment of certain wind property; adjusting the amount of the budget reserve; providing for dedication of certain revenues; making technical changes, corrections, and clarifications; making tax policy, collection, and administrative changes; requiring studies; imposing penalties; appropriating money; amending Minnesota Statutes 1994, sections 14.61; 14.62, by adding a subdivision; 15.039, by adding a subdivision; 16A.152, subdivisions 1 and 2; 60A.15, subdivisions 1 and 12; 60A.199, subdivisions 8 and 10; 69.021, subdivisions 2 and 5; 124.2131, by adding a subdivision; 124.918, subdivisions 1 and 2; 168.012, subdivision 9; 168.013, subdivision 1a; 168.017, subdivision 3, and by adding a subdivision; 216C.01, subdivisions 1a and 1b; 246.18, subdivision 4, as amended, and by adding a subdivision; 270.47; 270.48; 270.485; 270.494; 270.50; 270.52; 270.53; 270.69, subdivision 10; 270.72, subdivisions 1, 2, and 3; 270.79, subdivision 4; 270A.03, subdivision 7; 270A.07, subdivision 2; 270A.09, by adding a subdivision; 270A.11; 270B.03, subdivision 1; 270B.12, subdivision 2, and by adding a subdivision; 270B.14, subdivision 11; 272.02, subdivision 1; 272.115, subdivision 1; 272.121, subdivision 2; 273.11, subdivision 16; 273.124, subdivisions 1, 3, 6, 11, and 13; 273.13, subdivisions 24 and 25; 273.1398, subdivision 1, and by adding a subdivision; 273.1399, subdivisions 1, 2, 6, and by adding subdivisions; 273.17, subdivision 2; 273.37, by adding a subdivision; 274.01, subdivision 1; 274.14; 275.065, subdivisions 1, 3, and 6; 275.07, subdivision 1; 275.08, subdivision 1b; 276.04, subdivision 2; 276.09; 276.111; 276.131; 279.01, subdivision 1, and by adding a subdivision; 284.28, subdivision 2; 289A.18, subdivisions 2 and 4; 289A.20, subdivision 2; 289A.26, subdivision 2a; 289A.38, subdivision 7; 289A.40, subdivision 1; 289A.43; 289A.50, subdivision 1, and by adding a subdivision; 289A.55, subdivision 7; 289A.60, subdivisions 2, 12, and by adding a subdivision; 290.01, subdivisions 7b and 19; 290.015, subdivision 1; 290.032, subdivisions 1 and 2; 290.067, subdivision 1, as amended; 290.191, subdivisions 1, 5, and 6; 290.92, subdivisions 1 and 23; 290.9201, subdivision 3; 290A.03, subdivisions 6 and 13; 290A.04, subdivisions 2h, 3, and 6; 290A.07; 290A.15; 290A.18; 294.09, subdivisions 1 and 4; 295.50, subdivisions 1 and 4; 295.53, subdivisions 1, 2, and 5; 295.55, by adding a subdivision; 295.57; 296.01, subdivisions 30, 34, and by adding subdivisions; 296.02, subdivisions 1, 1a, and 1b; 296.025, subdivisions 1, 1a, and by adding a subdivision; 296.0261, by adding a subdivision; 296.12, subdivisions 3, 4, and 11; 296.141, subdivisions 1, 2, and 6; 296.17, subdivisions 1, 3, 5, and 11; 296.18, subdivisions 1, 2, and 5; 297.08, subdivisions 1 and 3; 297.35, subdivision 1; 297.43, subdivision 2; 297A.01, subdivision 3, and by adding a subdivision; 297A.02, subdivision 4; 297A.135, subdivision 1; 297A.15, by adding a subdivision; 297A.25, subdivisions 9, 11, 57, 59, and by adding subdivisions; 297A.45; 297B.01, subdivision 5; 297B.02, subdivision 3; 297B.025, subdivision 2; 297B.032; 297C.02, subdivision 2; 297C.07; 297C.14, subdivision 2; 297E.02, subdivisions 1, 6, and 11; 297E.031, subdivision 1; 297E.11, subdivision 4; 297E.12, subdivision 2; 297E.13, subdivision 5; 298.01, subdivision 4; 298.227; 298.24, subdivision 1; 298.25; 298.28, subdivision 9a; 298.296, subdivision 4; 298.75, subdivision 2; 299F.26, subdivisions 1 and 4; 325D.33, subdivision 4; 349.12, subdivision 25; 349.163, subdivision 5; 349A.10, subdivision 5; 375.192, by adding a subdivision; 375.83; 428A.01, subdivision 5; 428A.03, by adding a subdivision; 428A.05; 465.795, subdivision 7; 465.796, subdivision 2; 465.797, subdivision 5; 465.798; 465.799; 465.801; 465.81, subdivision 1; 465.82, subdivision 2; 465.84; 465.85; 465.87; 469.169, subdivision 9, and by adding a subdivision; 469.174, subdivisions 4, 19, 21, and by adding subdivisions; 469.175, subdivisions 1, 3, 5, 6, and 6a; 469.176, subdivisions 4b, 4c, 7, and by adding a subdivision; 469.1763, subdivisions 2 and 4; 469.177, subdivisions 1, 1a, 2, 6, 9, and by adding a subdivision; 469.1771, subdivision 1; 473.446, subdivision 1; 473.711, subdivision 2; 477A.011, subdivision 36; 477A.0121, subdivision 4; 477A.0132; and 477A.03, subdivision 2; Laws 1985, chapter 302, section 2, subdivision 1, as amended; Laws 1986, chapter 400, section 44; Laws 1991, chapter 291, article 8, section 28, subdivision 1; Laws 1992, chapter 511, article 2, sections 45, subdivisions 1, 7, and by adding a subdivision; and 46, subdivisions 1, 7, and by adding a subdivision; Laws 1993, chapter 375, article 5, sections 40, subdivision 3; and 44; Laws 1994, chapter 587, articles 1, section 27; 3, section 21; 5, section 27; and 9, section 10, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 16A; 270; 272; 276; 282; 290A; 296; 340A; 410; 465; 469; and 473; repealing Minnesota Statutes 1994, sections 60A.15, subdivision 7; 168.013, subdivision 1j; 245.48; 270.49; 270.493; 270.70, subdivisions 8, 9, and 10; 290A.04, subdivision 2i; 296.0261; 297A.136; 297A.212; 297A.38; and 469.175, subdivision 7a; Laws 1988, chapter 698, section 5; and Laws 1989, First Special Session chapter 1, article 7, section 9."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Ann H. Rest, Ted Winter, Andy Dawkins, Bob Milbert, Kevin Goodno

Senate Conferees: (Signed) Douglas J. Johnson, William V. Belanger, Jr., Carol Flynn, Ember D. Reichgott Junge, John C. Hottinger

Mr. Johnson, D.J. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1864 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1864 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 53 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Laidig	Oliver	Robertson
Beckman	Hanson	Langseth	Olson	Runbeck
Belanger	Hottinger	Larson	Ourada	Sams
Bertram	Janezich	Lesewski	Pappas	Samuelson
Betzold	Johnson, D.E.	Lessard	Pariseau	Solon
Chandler	Johnson, D.J.	Metzen	Piper	Spear
Chmielewski	Johnson, J.B.	Moe, R.D.	Pogemiller	Stumpf
Cohen	Kelly	Mondale	Price	Terwilliger
Day	Knutson	Morse	Ranum	Wiener
Dille	Krentz	Murphy	Reichgott Junge	
Flynn	Kroening	Novak	Riveness	

Those who voted in the negative were:

Berg	Johnston	Kramer	Merriam	Stevens
Berglin	Kiscaden	Limmer	Neuville	
Finn	Kleis	Marty	Scheevel	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 979, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 979: A bill for an act relating to motor carriers; regulating hazardous material transporters; requiring fingerprints of motor carrier managers for criminal background checks; making technical changes related to calculating proportional mileage under the international registration plan; specifying violations that may result in suspension or revocation of permit; making technical changes relating to hazardous waste transporter licenses; providing for disposition of fees collected for hazardous material registration, licensing, and permitting; amending Minnesota Statutes 1994, section 221.0355, subdivisions 3, 5, 6, 12, 15, and by adding a subdivision.

Senate File No. 979 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1705.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 371: A bill for an act relating to transportation; abolishing certain restrictions relating to highway construction; amending Minnesota Statutes 1994, sections 161.1231, subdivision 1; and 473.391; repealing Minnesota Statutes 1994, sections 161.123; and 161.124.

Senate File No. 371 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 22, 1995

CONCURRENCE AND REPASSAGE

Ms. Olson moved that the Senate concur in the amendments by the House to S.F. No. 371 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 371 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 47 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Laidig	Oliver	Robertson
Belanger	Johnson, D.E.	Lessard	Olson	Runbeck
Berglin	Johnson, D.J.	Limmer	Pappas	Sams
Betzold	Johnson, J.B.	Marty	Pariseau	Solon
Chandler	Kelly	Metzen	Piper	Spear
Cohen	Kiscaden	Moe, R.D.	Pogemiller	Terwilliger
Dille	Knutson	Mondale	Price	Wiener
Flynn	Kramer	Morse	Ranum	
Frederickson	Krentz	Neuville	Reichgott Junge	
Hottinger	Kroening	Novak	Riveness	

Those who voted in the negative were:

Beckman	Day	Langseth	Murphy	Stevens
Berg	Finn	Larson	Ourada	Stumpf
Bertram	Johnston	Lesewski	Samuelson	Vickerman
Chmielewski	Kleis	Merriam	Scheevel	

So the bill, as amended, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 621 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 621

A bill for an act relating to game and fish; establishing hunting heritage week; designating mute swans as unprotected birds; providing procedures for seizure and confiscation of property; clarifying terms of short-term angling licenses; removing certain requirements relating to fish

taken in Canada; specifying the areas in which deer may be taken under a license to take antlered deer in more than one zone; modifying reporting requirements; modifying hours for taking certain animals; modifying provisions relating to trapping; providing for posting of waters to prohibit fishing or motorboat operation; adjusting opening and closing dates of various seasons for taking fish; expanding the requirement to possess a trout and salmon stamp; modifying northern pike length limits; changing the date by which fish houses and dark houses must be removed from the ice in certain areas; authorizing the use of floating turtle traps; removing time limits on sale of fish by commercial licensees; requiring a plan for a firearms safety program; authorizing certain stocking activities; amending Minnesota Statutes 1994, sections 97A.015, subdivisions 28 and 52; 97A.221; 97A.451, subdivision 3; 97A.475, subdivisions 6 and 7; 97A.531, subdivision 1; 97B.061; 97B.075; 97B.301, by adding a subdivision; 97B.931; 97C.025; 97C.305, subdivision 1; 97C.345, subdivisions 1, 2, and 3; 97C.355, subdivision 7; 97C.371, subdivision 4; 97C.395, subdivision 1; 97C.401, subdivision 2; 97C.605, subdivision 3; and 97C.821; proposing coding for new law in Minnesota Statutes, chapter 10; repealing Minnesota Statutes 1994, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; and 97B.301, subdivision 5.

May 22, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 621, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 621 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [10.51] [HUNTING HERITAGE WEEK.]

The week beginning the third Monday in September is an official week of observance to commemorate the state's valued heritage of hunting game animals. During this week, all residents of the state are urged to:

(1) reflect on hunting as an expression of our culture and heritage;

(2) acknowledge that it is our community of sportsmen, sportswomen, and hunters who have made the greatest contributions to the establishment of current game animal populations; and

(3) celebrate this culture and heritage in all lawful ways.

Sec. 2. [18.316] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 18.317.

Subd. 2. [ECOLOGICALLY HARMFUL EXOTIC SPECIES.] "Ecologically harmful exotic species" has the meaning given in section 84.967.

Subd. 3. [UNDESIRABLE EXOTIC SPECIES.] "Undesirable exotic species" means ecologically harmful exotic species that have been determined by the commissioner of natural resources to pose a substantial threat to native species in this state.

Subd. 4. [WATERCRAFT.] "Watercraft" means any contrivance used or designed for navigation on water and includes seaplanes.

Subd. 5. [WATER MILFOIL.] "Water milfoil" means Eurasian water milfoil, myriophyllum spicatum.

Subd. 6. [WATERS OF THE STATE.] "Waters of the state" has the meaning given in section 103G.005, subdivision 17.

Subd. 7. [ZEBRA MUSSELS.] "Zebra mussels" means a species of the genus Dreissena.

Sec. 3. Minnesota Statutes 1994, section 18.317, is amended to read:

18.317 [UNDESIRABLE EXOTIC ~~AQUATIC PLANTS OR WILD ANIMALS~~ SPECIES.]

Subdivision 1. [TRANSPORTATION PROHIBITED.] Except as provided in subdivision 2, a person may not transport ~~Eurasian or Northern~~ water milfoil, ~~myriophyllum spicatum or exalbescens,~~ zebra mussels, or undesirable exotic ~~aquatic plants or wild animals identified by the commissioner of natural resources~~ species on a road or highway, as defined in section 160.02, subdivision 7, or on forest roads.

Subd. 1a. [PLACEMENT PROHIBITED.] A person may not ~~intentionally~~ place undesirable exotic ~~aquatic plants or wild animals, as defined in section 84.967,~~ species in public waters within the state.

Subd. 2. [EXCEPTION.] Except as otherwise prohibited by law, a person may transport ~~Eurasian or Northern~~ water milfoil~~, myriophyllum spicatum or exalbescens,~~ or ~~other~~ undesirable exotic ~~aquatic plants or wild animals identified by the commissioner of natural resources~~ species for disposal as part of a harvest or control activity conducted under a permit or as specified by the commissioner.

Subd. 3. [LAUNCHING OF WATERCRAFT WITH ~~EURASIAN OR NORTHERN~~ WATER MILFOIL OR ~~OTHER HARMFUL~~ UNDESIRABLE SPECIES PROHIBITED.] (a) A person may not place a trailer or launch a watercraft into waters of the state if the trailer or watercraft has attached to it ~~Eurasian or Northern~~ water milfoil, zebra mussels, or other undesirable exotic ~~aquatic plants or wild animals identified by the commissioner of natural resources~~ species. A conservation officer or other licensed peace officer may order the removal of ~~Eurasian or Northern~~ water milfoil, zebra mussels, or other undesirable exotic ~~aquatic plants or wild animals identified by the commissioner of natural resources~~ species from a trailer or watercraft before ~~being~~ the trailer or watercraft is placed or launched into waters of the state.

(b) ~~For purposes of this section, the meaning of watercraft includes a float plane and "waters of the state" has the meaning given in section 103G.005, subdivision 17.~~

~~(c)~~ A commercial harvester shall clean aquatic plant harvesting equipment of all aquatic vegetation at a suitable location before launching the equipment in another body of water.

Subd. 3a. [INSPECTION OF WATERCRAFT AND EQUIPMENT.] Watercraft and associated equipment, including weed harvesters, that are removed from any waters of the state that the commissioner of natural resources identifies as being contaminated with Eurasian water milfoil, zebra mussels, or other undesirable exotic aquatic plants or wild animals identified by the commissioner of natural resources, shall be randomly inspected between May 1 and October 15 for a minimum of 10,000 hours by personnel authorized by the commissioner of natural resources. Beginning in calendar year 1994, a minimum of 20,000 hours of random inspections must be conducted per year.

Subd. 4. [ENFORCEMENT.] This section may be enforced by conservation officers under sections 97A.205, 97A.211, and 97A.221, subdivision 1, paragraph (a), clause (1), and by other licensed peace officers.

Subd. 5. [PENALTY.] A person who violates subdivision 1, 1a, 3, or 3a is guilty of a misdemeanor. A person who refuses to obey the order of a peace officer or conservation officer to remove ~~Eurasian or Northern~~ water milfoil, zebra mussels, or other undesirable exotic ~~aquatic plants or wild animals~~ species from a trailer or watercraft is guilty of a misdemeanor.

Sec. 4. Minnesota Statutes 1994, section 84.796, is amended to read:

84.796 [PENALTIES.]

(a) A person who violates a provision of section 84.788, 84.789, 84.792, 84.793, or 84.795 is guilty of a misdemeanor.

(b) A person who violates a provision of a rule adopted under section 84.79 is guilty of a petty misdemeanor.

Sec. 5. Minnesota Statutes 1994, section 84.81, is amended by adding a subdivision to read:

Subd. 12. [COLLECTOR SNOWMOBILE.] "Collector snowmobile" means a snowmobile that is 25 years old or older, was originally produced as a separate identifiable make by a manufacturer, and is owned and operated solely as a collectors item.

Sec. 6. Minnesota Statutes 1994, section 84.82, subdivision 6, is amended to read:

Subd. 6. [EXEMPTIONS.] ~~No~~ Registration ~~hereunder shall be~~ is not required under this section for ~~the following described snowmobiles~~:

~~(a) snowmobiles~~ (1) a snowmobile owned and used by the United States, another state, or a political subdivision thereof~~.~~;

~~(b) snowmobiles~~ (2) a snowmobile registered in a country other than the United States temporarily used within this state~~.~~;

~~(c) snowmobiles~~ (3) a snowmobile that is covered by a valid license of another state and ~~which have~~ has not been within this state for more than 30 consecutive days~~.~~;

~~(d) snowmobiles~~ (4) a snowmobile used exclusively in organized track racing events~~.~~;

~~(e) snowmobiles~~ (5) a snowmobile in transit by a manufacturer, distributor, or dealer; or

(6) a snowmobile at least 15 years old in transit by an individual for use only on land owned or leased by the individual.

Sec. 7. Minnesota Statutes 1994, section 84.82, is amended by adding a subdivision to read:

Subd. 7a. [COLLECTOR SNOWMOBILES.] The commissioner may issue a special permit to a person or organization to operate or transport a collector snowmobile without registration in parades or organized group outings, such as races, rallies, and other promotional events and for up to ten days each year for personal transportation. The commissioner may impose a reasonable restriction on a permittee and may revoke, amend, suspend, or modify a permit for cause.

Sec. 8. Minnesota Statutes 1994, section 84.92, subdivision 8, is amended to read:

Subd. 8. [ALL-TERRAIN VEHICLE.] "All-terrain vehicle" or "vehicle" means a motorized flotation-tired vehicle of not less than three low pressure tires, but not more than six tires, that is limited in engine displacement of less than 800 cubic centimeters and total dry weight less than ~~600~~ 800 pounds.

Sec. 9. Minnesota Statutes 1994, section 84.968, subdivision 1, is amended to read:

Subdivision 1. [MANAGEMENT PLAN.] (a) By January 1, 1993, a long-term statewide ecologically harmful exotic species management plan must be prepared by the commissioner of natural resources and address the following:

(1) coordinated detection and prevention of accidental introductions;

(2) coordinated dissemination of information about ecologically harmful exotic species among resource management agencies and organizations;

(3) a coordinated public awareness campaign regarding ecologically harmful exotic animals and aquatic plants;

(4) a process~~, where none exists,~~ for the commissioner to ~~designate~~ identify and ~~classify~~ list appropriate or certain ecologically harmful exotic species ~~into the following categories:~~ as

~~(i)~~ undesirable ~~wild animals that must not be sold, propagated, possessed, or transported; and~~

~~(ii) undesirable aquatic exotic plants~~ exotic species that must not be sold, propagated, possessed, or transported except under permit;

(5) coordination of control and eradication of ecologically harmful exotic species on public lands and public waters; and

(6) development of a list of exotic wild animal species intended for nonagricultural purposes, or propagation for release by state agencies or the private sector.

(b) The plan prepared under paragraph (a) must include containment strategies that include:

(1) participation by lake associations, local citizen groups, and local units of government in the development and implementation of lake management plans;

(2) a reasonable and workable inspection requirement for boats and equipment participating in organized events on waters of the state;

(3) allowing access points infested with ecologically harmful exotic species to be closed, for not more than a total of seven days during an open water season, for control or eradication purposes, and requiring posting of signs stating the reason for closing the access;

(4) provisions for reasonable weed-free maintenance of public accesses to infested waters; and

(5) notice to travelers of the penalties for violation of laws relating to ecologically harmful exotic species.

Sec. 10. Minnesota Statutes 1994, section 84.9691, is amended to read:

84.9691 [RULEMAKING AND PERMITS.]

Subdivision 1. [RULES.] (a) The commissioner of natural resources may adopt emergency and permanent rules restricting the introduction, propagation, use, possession, and spread of ecologically harmful exotic species in the state, as outlined in section 84.967. ~~The emergency rulemaking authority granted in this paragraph expires July 1, 1994.~~

(b) The commissioner shall adopt rules to identify bodies of water with limited infestation of Eurasian water milfoil. The areas that are infested, and where control is planned, shall be marked and prohibited for use.

(c) A violation of a rule adopted under this section is a misdemeanor.

Subd. 2. [PERMITS.] The commissioner may issue permits regulating the propagation, possession, taking, or transportation of undesirable exotic species for disposal, research, education, or control purposes. The commissioner may place conditions on the permit and may deny, modify, suspend, or revoke a permit.

Sec. 11. Minnesota Statutes 1994, section 84.9692, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] After appropriate training, conservation officers, peace officers, and other staff designated by the commissioner may issue warnings or citations to persons who:

(1) unlawfully transport ~~ecologically harmful~~ water milfoil or undesirable exotic species on a public road;

(2) place a trailer or launch a watercraft with ~~ecologically harmful~~ undesirable exotic species attached into waters of the state;

(3) operate a watercraft in a marked Eurasian water milfoil limited infestation area; or

(4) damage, remove, or sink a buoy marking a Eurasian water milfoil infestation area.

Sec. 12. Minnesota Statutes 1994, section 84.9692, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITIONS.] For the purposes of this section, "undesirable exotic species," "water milfoil," "watercraft," "waters of the state," and "zebra mussels" have the meanings given them in section 18.317.

Sec. 13. Minnesota Statutes 1994, section 84.9692, subdivision 2, is amended to read:

Subd. 2. [PENALTY AMOUNT.] A citation issued under this section may impose up to the following penalty amounts:

(1) $50 for transporting visible ~~Eurasian~~ water milfoil on a public road ~~in each of the following locations:~~

~~(i) the exterior of the watercraft below the gunwales including the propulsion system;~~

~~(ii) any surface of a watercraft trailer;~~

~~(iii) any surface of a watercraft interior of the gunwales;~~

~~(iv) any water container including live wells, minnow buckets, or coolers which hold water; or~~

~~(v) any other area where visible Eurasian water milfoil is found not previously described in items (i) to (iv);~~

(2) ~~$150~~ $100 for transporting visible zebra mussels ~~on a public road;~~

~~(3) $300 for transporting~~, live ruffe, or live rusty crayfish on a public road;

~~(4)~~ (3) for attempting to ~~launch~~ place or ~~launching into noninfested waters~~ placing a watercraft, trailer, or plant harvesting equipment with visible ~~Eurasian water milfoil or adult~~ zebra mussels attached into waters of the state not identified by the commissioner as infested with zebra mussels, $500 for a first offense and $1,000 for a second or subsequent offense;

~~(5)~~ (4) $100 for operating a watercraft in a marked Eurasian water milfoil limited infestation area other than as provided by law;

~~(6)~~ (5) ~~$150~~ $100 for intentionally damaging, moving, removing, or sinking a milfoil buoy; or

~~(7)~~ (6) ~~$150~~ $200 for ~~launching or attempting to launch into infested waters~~ attempting to place or placing a watercraft, trailer, or plant harvesting equipment with visible ~~Eurasian~~ water milfoil ~~or visible zebra mussels~~ attached into waters of the state.

Sec. 14. Minnesota Statutes 1994, section 86B.401, subdivision 11, is amended to read:

Subd. 11. [SUSPENSION FOR NOT REMOVING WATER MILFOIL OR OTHER UNDESIRABLE EXOTIC SPECIES.] (a) The commissioner, after notice and an opportunity for hearing, may suspend for a period of not more than one year the license of a watercraft if the owner or person in control of the watercraft or its trailer refuses to comply with an inspection order of a conservation officer or other licensed peace officer or an order to remove ~~Eurasian or Northern~~ water milfoil, ~~myriophyllum spicatum or exalbescens~~, zebra mussels, or ~~other~~ undesirable exotic ~~aquatic plant and wild animal~~ species ~~identified by the commissioner~~ from the watercraft or its trailer as provided in section 18.317, subdivision 3.

(b) For the purposes of this subdivision, "undesirable exotic species," "water milfoil," and "zebra mussels" have the meanings given in section 18.317.

Sec. 15. Minnesota Statutes 1994, section 97A.015, subdivision 12, is amended to read:

Subd. 12. [CONTRABAND.] "Contraband" means:

(1) a wild animal taken, bought, sold, transported, or possessed in violation of the game and fish laws, and all instrumentalities and devices used in taking wild animals in violation of the game and fish laws that are subject to confiscation; and

(2) wild rice and other aquatic vegetation harvested, bought, sold, transported, or possessed in violation of chapter 84.

Sec. 16. Minnesota Statutes 1994, section 97A.015, subdivision 28, is amended to read:

Subd. 28. [MIGRATORY WATERFOWL.] "Migratory waterfowl" means brant, ducks, geese, tundra swans, trumpeter swans, and whooper swans.

Sec. 17. Minnesota Statutes 1994, section 97A.015, subdivision 52, is amended to read:

Subd. 52. [UNPROTECTED BIRDS.] "Unprotected birds" means English sparrow, blackbird, starling, magpie, cormorant, common pigeon, chukar partridge, quail other than bob-white quail, mute swan, and great horned owl.

Sec. 18. Minnesota Statutes 1994, section 97A.045, is amended by adding a subdivision to read:

Subd. 10. [RECIPROCAL AGREEMENTS ON VIOLATIONS.] The commissioner, with the approval of the attorney general, may enter into reciprocal agreements with game and fish authorities in other states and the United States government to provide for:

(1) revocation of the appropriate Minnesota game and fish licenses of Minnesota residents for violations of game and fish laws committed in signatory jurisdictions which result in license revocation in that jurisdiction;

(2) reporting convictions and license revocations of residents of signatory states for violations of game and fish laws of Minnesota to game and fish authorities in the nonresidents state of residence; and

(3) release upon signature without posting of bail for residents of signatory states accused of game and fish law violations in this state, providing for recovery, in the resident jurisdiction, of fines levied if the citation is not answered in this state.

As used in this subdivision, "conviction" includes a plea of guilty or a forfeiture of bail.

Sec. 19. Minnesota Statutes 1994, section 97A.205, is amended to read:

97A.205 [ENFORCEMENT OFFICER POWERS.]

An enforcement officer is authorized to:

(1) execute and serve court issued warrants and processes relating to wild animals, wild rice, public waters, water pollution, conservation, and use of water, in the same manner as a constable or sheriff;

(2) enter any land to carry out the duties and functions of the division;

(3) make investigations of violations of the game and fish laws;

(4) take an affidavit, if it aids an investigation;

(5) arrest, without a warrant, a person who is detected in the actual violation of the game and fish laws, a provision of chapters 84, 84A, 85, 86A, 88 to 97C, 103E, 103F, 103G, sections 86B.001 to 86B,815, 89.51 to 89.61; or 609.66, subdivision 1, clauses (1), (2), (5), and (7); and 609.68; and

(6) take an arrested person before a court in the county where the offense was committed and make a complaint.

Nothing in this section grants an enforcement officer any greater powers than other licensed peace officers.

Sec. 20. Minnesota Statutes 1994, section 97A.221, is amended to read:

97A.221 [SEIZURE AND CONFISCATION OF PROPERTY.]

Subdivision 1. [PROPERTY SUBJECT TO SEIZURE AND CONFISCATION.] (a) An enforcement officer may ~~confiscate~~ seize:

(1) wild animals, wild rice, and other aquatic vegetation taken, bought, sold, transported, or possessed in violation of the game and fish laws or chapter 84; and

(2) firearms, bows and arrows, nets, boats, lines, poles, fishing rods and tackle, lights, lanterns,

snares, traps, spears, dark houses, fish houses, and wild rice harvesting equipment that are used with the owner's knowledge to unlawfully take or transport wild animals, wild rice, or other aquatic vegetation and that have a value under $1,000 are subject to this section.

(b) An item described in paragraph (a), clause (2), that has a value of $1,000 or more is subject to the provisions of section 97A.225.

~~(b)~~ (c) An enforcement officer must ~~confiscate~~ seize nets and equipment unlawfully possessed within ten miles of Lake of the Woods or Rainy Lake.

~~(c) Confiscated property may be disposed of, retained for use by the division, or sold at the highest price obtainable as prescribed by the commissioner.~~

Subd. 2. [~~CONFISCATION~~ SEIZURE OF COMMINGLED SHIPMENTS.] A whole shipment or parcel is contraband if two or more wild animals are shipped or possessed in the same container, vehicle, or room, or in any way commingled, and any of the animals are contraband. ~~Confiscation~~ Seizure of any part of a shipment includes the entire shipment.

Subd. 3. [PROCEDURE FOR CONFISCATION OF PROPERTY SEIZED.] The enforcement officer must hold the seized property. The property held may be confiscated when:

(1) the person from whom the property was seized is convicted; or

(2) the property seized is contraband consisting of a wild animal, wild rice, or other aquatic vegetation.

Subd. 4. [DISPOSAL OF CONFISCATED PROPERTY.] Confiscated property may be disposed of or retained for use by the commissioner, or sold at the highest price obtainable as prescribed by the commissioner. Upon acquittal or dismissal of the charged violation for which the property was seized, all property, other than contraband consisting of a wild animal, wild rice, or other aquatic vegetation, must be returned to the person from whom the property was seized.

Sec. 21. Minnesota Statutes 1994, section 97A.401, subdivision 3, is amended to read:

Subd. 3. [TAKING, POSSESSING, AND TRANSPORTING WILD ANIMALS FOR CERTAIN PURPOSES.] (a) Except as provided in paragraph (b), special permits may be issued without a fee to take, possess, and transport wild animals as pets and for scientific, educational, rehabilitative, and exhibition purposes. The commissioner shall prescribe the conditions for taking, possessing, transporting, and disposing of the wild animals.

(b) A special permit may not be issued to take or possess wild or native deer for exhibition or propagation.

(c) The commissioner shall establish criteria for issuing special permits for persons to possess wild and native deer as pets.

Sec. 22. Minnesota Statutes 1994, section 97A.451, subdivision 3, is amended to read:

Subd. 3. [PERSONS UNDER AGE 16; SMALL GAME.] (a) A person under age 16 may not obtain a small game license but may take small game by firearms or bow and arrow without a license if the person is a resident:

(1) age 14 or 15 and possesses a firearms safety certificate;

(2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian; or

(3) age 12 or under and is accompanied by a parent or guardian.

(b) A resident under age 16 may take small game by trapping without a small game license, but a resident ~~over age~~ 13 years of age or older must have a trapping license. A resident under age ~~14~~ 13 may trap without a trapping license.

Sec. 23. Minnesota Statutes 1994, section 97A.475, subdivision 6, is amended to read:

Subd. 6. [RESIDENT FISHING.] Fees for the following licenses, to be issued to residents only, are:

(1) to take fish by angling, for persons under age 65, $13;

(2) to take fish by angling, for persons age 65 and over, $4.50;

(3) to take fish by angling, for a combined license for a married couple, $17.50;

(4) to take fish by spearing from a dark house, $13; and

(5) to take fish by angling for a 24-hour period ~~of 24 hours from the time of issuance~~ selected by the licensee, $7.50.

Sec. 24. Minnesota Statutes 1994, section 97A.475, subdivision 7, is amended to read:

Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, are:

(1) to take fish by angling, $27.50;

(2) to take fish by angling limited to seven consecutive days selected by the licensee, $19;

(3) to take fish by angling for ~~three consecutive days~~ a 72-hour period selected by the licensee, $16;

(4) to take fish by angling for a combined license for a family, $37.50;

(5) to take fish by angling for a 24-hour period ~~of 24 hours from the time of issuance~~ selected by the licensee, $7.50; and

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, $27.50.

Sec. 25. Minnesota Statutes 1994, section 97A.531, is amended by adding a subdivision to read:

Subd. 7. [POSSESSION OF FISH ON LAKE OF THE WOODS.] While in Minnesota, a person permitted to take and possess fish in Minnesota and licensed by the province of Ontario to take and possess fish may possess the daily limit of fish allowed by the Ontario border water conservation tag, if the fish taken in Ontario were taken on Ontario waters of Lake of the Woods north of Big Island.

Sec. 26. [97A.552] [FISHING REGULATIONS; EXECUTIVE ORDER.]

Subdivision 1. [ORDER AUTHORIZED.] (a) The governor may by executive order:

(1) require that fish that are lawfully taken by angling and possessed in Canada be brought into the state in-the-round;

(2) authorize fish lawfully taken by angling in Canada to be transported within the state or out of the state by a nonresident;

(3) require that a Minnesota resident transporting in Minnesota fish that have been taken by angling in Canada possess a Minnesota angling license; and

(4) require that any advertisement of fishing resorts or facilities in Canada in printed or broadcast form originating or distributed within the state must contain a summary of the requirement of clause (1) and penalty for noncompliance.

(b) An executive order issued under paragraph (a) is effective the day following the filing of a certified copy thereof in the office of the secretary of state, and remains in effect until rescinded by order of the governor.

Subd. 2. [PENALTY FOR NONCOMPLIANCE.] A violation of an executive order imposing

the requirement in subdivision 1, paragraph (a), clause (1) is a misdemeanor, and in addition to any criminal penalty imposed, fish brought into or transported within the state contrary to that executive order must be confiscated, and a penalty of $10 for each fish must be imposed.

Sec. 27. Minnesota Statutes 1994, section 97B.055, subdivision 3, is amended to read:

Subd. 3. [HUNTING FROM VEHICLE BY DISABLED HUNTERS.] The commissioner may issue a special permit, without a fee, to discharge a firearm or bow and arrow from a stationary motor vehicle to a licensed hunter ~~that is temporarily or permanently physically unable to walk without crutches, braces, or other mechanical support, or who has a physical disability which substantially limits the person's ability to walk~~ who has a temporary or permanent physical disability. The physical disability ~~and the substantial inability to walk~~ must be established by medical evidence verified in writing by a licensed physician. A person with a temporary disability may be issued an annual permit and a person with a permanent disability may be issued a permanent permit. A person issued a special permit under this subdivision and hunting deer may take a deer of either sex.

Sec. 28. Minnesota Statutes 1994, section 97B.061, is amended to read:

97B.061 [REPORTS AND RECORDS.]

~~If requested by~~ The commissioner~~, a~~ may request a person who has taken game ~~must~~ to submit a report to the commissioner on a furnished form ~~before March 15~~, stating the number ~~and~~ or kind of each game animal taken during the preceding license year. There is no penalty for failure to comply with a request from the commissioner under this section, and information submitted to the commissioner under this section may not be used as evidence in a prosecution under chapter 97A, 97B, or 97C.

Sec. 29. Minnesota Statutes 1994, section 97B.075, is amended to read:

97B.075 [HUNTING RESTRICTED BETWEEN EVENING AND MORNING.]

A person may not take protected wild animals, except raccoon and fox, with a firearm between the evening and morning times established by commissioner's rule, ~~or by archery from one half hour after sunset until one-half hour before sunrise~~ except big game may be taken from one-half hour before sunrise until one-half hour after sunset.

Sec. 30. Minnesota Statutes 1994, section 97B.731, subdivision 1, is amended to read:

Subdivision 1. [MIGRATORY GAME BIRDS.] (a) Migratory game birds may be taken and possessed. A person may not take, buy, sell, possess, transport, or ship migratory game birds in violation of federal law.

(b) The commissioner shall prescribe seasons and limits for migratory birds in accordance with federal law.

Sec. 31. Minnesota Statutes 1994, section 97B.931, is amended to read:

97B.931 [TENDING TRAPS ~~RESTRICTED~~.]

Subdivision 1. [RESTRICTIONS.] A person may not tend a trap set for wild animals between 10:00 p.m. and 5:00 a.m. Between 5:00 a.m. and 10:00 p.m. a person on foot may use a portable artificial light to tend traps. While using a light in the field, the person may not possess or use a firearm other than a handgun of .22 caliber.

Subd. 2. [BODY-GRIPPING TRAPS.] A body-gripping, conibear-type trap need not be tended more frequently than once every third calendar day.

Sec. 32. Minnesota Statutes 1994, section 97C.025, is amended to read:

97C.025 [FISHING AND MOTORBOATS PROHIBITED IN CERTAIN AREAS.]

(a) ~~Except as provided in paragraph (b), a person may not take fish from or drive motorboats over posted~~ The commissioner may prohibit fishing or the operation of motorboats by posting waters that:

(1) are designated as spawning beds or fish preserves; or

(2) are being used by the commissioner for fisheries research or management activities.

An area may be posted under this paragraph if necessary to prevent excessive depletion of fish or interference with fisheries research or management activities.

(b) Except as provided in paragraph (c), a person may not take fish or operate a motorboat if prohibited by posting under paragraph (a).

(c) An owner of riparian land adjacent to an area posted under paragraph (a) may operate a motorboat through the area by the shortest direct route at a speed of not more than five miles per hour.

Sec. 33. Minnesota Statutes 1994, section 97C.081, subdivision 3, is amended to read:

Subd. 3. [CONTESTS AUTHORIZED BY COMMISSIONER.] The commissioner may, by rule or permit, allow fishing contests with entry fees over $10 per person or total prizes valued at more than $2,000.

If entry fees are over $25 per person, or total prizes are valued at more than $25,000, and if the applicant has either:

(1) not previously conducted a fishing contest requiring a permit under this subdivision; or

(2) ever failed to make required prize awards in a fishing contest conducted by the applicant, the commissioner may require the applicant to furnish the commissioner evidence of financial responsibility in the form of a surety bond or bank letter of credit in the amount of $25,000. Permits must be issued without a fee and if the commissioner does not deny the permit within 14 days, excluding holidays, after receipt of an application, the permit is granted.

Sec. 34. Minnesota Statutes 1994, section 97C.305, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Except as provided in subdivision 2, a person over age 16 and under age 65 required to possess an angling license must have a trout and salmon stamp in possession to:

(1) take fish by angling in:

~~(1)~~ (i) a stream designated by the commissioner as a trout stream;

~~(2)~~ (ii) a lake designated by the commissioner as a trout lake; or

~~(3)~~ (iii) Lake Superior; or

(2) possess trout or salmon taken in the state by angling.

Sec. 35. Minnesota Statutes 1994, section 97C.321, subdivision 2, is amended to read:

Subd. 2. [ICE FISHING.] A person may use an unattended line to take fish through the ice if:

(1) the person is within sight of the line; or

(2) a tip-up is attached to the line and the person is within ~~80~~ 200 feet of the tip-up.

Sec. 36. Minnesota Statutes 1994, section 97C.345, subdivision 1, is amended to read:

Subdivision 1. [PERIOD WHEN USE PROHIBITED.] Except as specifically authorized, a person may not take fish from the third Monday in February ~~16~~ to April 30 with a spear, fish trap, net, dip net, seine, or other device capable of taking fish.

Sec. 37. Minnesota Statutes 1994, section 97C.345, subdivision 2, is amended to read:

Subd. 2. [POSSESSION.] (a) Except as specifically authorized, a person may not possess a spear, fish trap, net, dip net, seine, or other device capable of taking fish on or near any waters. Possession includes personal possession and in a vehicle.

(b) A person may possess spears, dip nets, bows and arrows, and spear guns allowed under section 97C.381 on or near waters between sunrise and sunset ~~between~~ from May 1 ~~and~~ to the third Sunday in February ~~15~~.

Sec. 38. Minnesota Statutes 1994, section 97C.345, subdivision 3, is amended to read:

Subd. 3. [DIP NETS.] A person may possess and use a dip net between one hour before sunrise and one hour after sunset ~~between~~ from May 1 ~~and~~ to the third Sunday in February ~~15~~.

Sec. 39. Minnesota Statutes 1994, section 97C.355, subdivision 2, is amended to read:

Subd. 2. [LICENSE REQUIRED.] A person may not take fish from a dark house or fish house unless the house is licensed and has a ~~metal~~ durable license tag attached to the exterior as prescribed by the commissioner, except as provided in this subdivision. The commissioner must issue a ~~metal~~ durable tag that is at least two inches in diameter with a 3/16 inch hole in the center with a dark house or fish house license. The ~~metal~~ durable tag must be ~~stamped~~ marked with a number to correspond with the license and the year of issue. A dark house or fish house license is not required of a resident on boundary waters where the adjacent state does not charge a fee for the same activity.

Sec. 40. Minnesota Statutes 1994, section 97C.355, subdivision 7, is amended to read:

Subd. 7. [DATES AND TIMES HOUSES MAY REMAIN ON ICE.] (a) A fish house or dark house may not be on the ice between 12:00 a.m. and one hour before sunrise after the following dates:

(1) February 28, for state waters south of a line starting at the Minnesota-North Dakota border and formed by rights-of-way of U.S. Route No. 10, then east along U.S. Route No. 10 to Trunk Highway No. 34, then east along Trunk Highway No. 34 to Trunk Highway No. 200, then east along Trunk Highway No. 200 to U.S. Route No. 2, then east along U.S. Route No. 2 to the Minnesota-Wisconsin border; and

(2) March 15, for other state waters.

A fish house or dark house on the ice in violation of this subdivision is subject to the enforcement provisions of paragraph (b). The commissioner may, by rule, change the dates in this paragraph for any part of state waters. Copies of the rule must be conspicuously posted on the shores of the waters as prescribed by the commissioner.

(b) A conservation officer must confiscate a fish house or dark house in violation of paragraph (a). The officer may remove, burn, or destroy the house. The officer shall seize the contents of the house and hold them for 60 days. If the seized articles have not been claimed by the owner, they may be retained for the use of the division or sold at the highest price obtainable in a manner prescribed by the commissioner.

Sec. 41. Minnesota Statutes 1994, section 97C.371, subdivision 4, is amended to read:

Subd. 4. [OPEN SEASON.] The open season for spearing through the ice is December 1 to the third Sunday in February ~~15~~.

Sec. 42. Minnesota Statutes 1994, section 97C.395, subdivision 1, is amended to read:

Subdivision 1. [DATES FOR CERTAIN SPECIES.] (a) The open seasons to take fish by angling are as follows:

(1) for walleye, sauger, northern pike, muskellunge, largemouth bass, and smallmouth bass, the Saturday two weeks prior to the Saturday of Memorial Day weekend to the third ~~Monday~~ Sunday in February;

(2) for lake trout, from January 1 to October 31;

(3) for brown trout, brook trout, rainbow trout, and splake, between January 1 to October 31 as prescribed by the commissioner by rule except as provided in section 97C.415, subdivision 2; and

(4) for salmon, as prescribed by the commissioner by rule.

(b) The commissioner shall close the season in areas of the state where fish are spawning and closing the season will protect the resource.

Sec. 43. Minnesota Statutes, 1994, section 97C.605, subdivision 3, is amended to read:

Subd. 3. [TAKING; METHODS PROHIBITED.] (a) Except as allowed in paragraph (b), a person may take turtles in any manner, except by use of:

(1) explosives, drugs, poisons, lime, and other harmful substances;

(2) ~~turtle hooks or~~ traps; or

(3) nets other than anglers' fish landing nets.

(b) A person with a turtle seller's license may take turtles ~~for sale as prescribed by the commissioner~~ with a floating turtle trap that:

(1) has one or more openings above the water surface that measure at least ten inches by four inches; and

(2) has a mesh size of not less than one-half inch, bar measure.

The commissioner may prescribe additional regulations for taking turtles for sale.

Sec. 44. Minnesota Statutes 1994, section 97C.821, is amended to read:

97C.821 [POSSESSION, SALE, AND TRANSPORTATION OF COMMERCIAL FISH.]

Subject to the applicable provisions of the game and fish laws, fish taken under commercial fishing licenses may be possessed in any quantity, bought, sold, and transported ~~during the open seasons provided for the fish, and for seven days after the season closes. Fish frozen or cured during the open season may be transported, bought, and sold~~ at any time. Commercial fishing licensees may transport their catch live to holding facilities, if the licensee has exclusive control of the facilities. Commercial fishing licensees may harvest fish from their holding facilities at any time with their licensed gear. The commissioner may prohibit the transport of live fish taken under a commercial fishing license from waters that contain exotic species.

Sec. 45. Laws 1994, chapter 623, article 1, section 45, is amended to read:

Sec. 45. [ENFORCEMENT OF LAWS RELATED TO BUYING AND SELLING FISH; REPORT.]

By January 15, ~~1995~~ 1996, the commissioner of natural resources shall report to the environment and natural resources committees of the legislature with recommendations for legislation to improve enforcement of Minnesota Statutes, section 97C.391, including record keeping requirements, enhanced remedies, and inspection authorities.

Sec. 46. [FIREARMS SAFETY PROGRAM; PLAN.]

The commissioner of natural resources shall develop a plan for the establishment of a firearms safety program directed at children that is value-neutral concerning firearms ownership, but that promotes awareness and understanding of the safe use and storage of firearms. The commissioner shall submit the plan and any necessary enabling legislation to the legislature by February 1, 1996.

Sec. 47. [STOCKING OF LONG LAKE IN MORRISON COUNTY.]

The Long Lake Homeowners Association may annually stock up to 5,000 walleye fingerlings in Long Lake in Richardson township in Morrison county.

Sec. 48. [REPEALER.]

Minnesota Statutes 1994, section 97A.531, subdivisions 2, 3, 4, 5, and 6, are repealed. Any action of the commissioner of natural resources authorized by a repealed subdivision is void.

Minnesota Statutes 1994, sections 97B.301, subdivision 5; and 97C.505, subdivision 4, are repealed.

Sec. 49. [EFFECTIVE DATE.]

Sections 1 to 25 and 27 to 48 are effective the day following final enactment. Section 25 is repealed December 31, 1995. Section 26 is effective May 1, 1996."

Delete the title and insert:

"A bill for an act relating to natural resouces; establishing hunting heritage week; migratory waterfowl; providing procedures for seizure and confiscation of property; clarifying terms of short-term angling licenses; removing certain requirements relating to fish taken in Canada; modifying reporting requirements; modifying hours for taking certain animals; modifying provisions relating to trapping; providing for posting of waters to prohibit fishing or motorboat operation; adjusting opening and closing dates of various seasons for taking fish; expanding the requirement to possess a trout and salmon stamp; modifying northern pike length limits; changing the date by which fish houses and dark houses must be removed from the ice in certain areas; authorizing the use of floating turtle traps; removing time limits on sale of fish by commercial licensees; requiring a plan for a firearms safety program; authorizing certain stocking activities; snowmobile licensing exemptions; fishing contest regulation; ecologically harmful species; collector snowmobiles; all-terrain vehicle weight; reciprocity in game and fish violations; enforcement officer powers; disabled hunter permits; information from licensees; big game hunting hours; checking traps; fish house identification; snowmobile transit permits; amending Minnesota Statutes 1994, sections 18.317; 84.796; 84.81, by adding a subdivision; 84.82, subdivision 6, and by adding a subdivision; 84.92, subdivision 8; 84.968, subdivision 1; 84.9691; 84.9692, subdivisions 1, 2, and by adding a subdivision; 86B.401, subdivision 11; 97A.015, subdivisions 12, 28, and 52; 97A.045, by adding a subdivision; 97A.205; 97A.221; 97A.401, subdivision 3; 97A.451, subdivision 3; 97A.475, subdivisions 6 and 7; 97A.531, by adding a subdivision; 97B.055, subdivision 3; 97B.061; 97B.075; 97B.731, subdivision 1; 97B.931; 97C.025; 97C.081, subdivision 3; 97C.305, subdivision 1; 97C.321, subdivision 2; 97C.345, subdivisions 1, 2, and 3; 97C.355, subdivisions 2 and 7; 97C.371, subdivision 4; 97C.395, subdivision 1; 97C.605, subdivision 3; and 97C.821; Laws 1994, chapter 623, article 1, section 45; proposing coding for new law in Minnesota Statutes, chapters 10; 18; and 97A; repealing Minnesota Statutes 1994, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; 97B.301, subdivision 5; and 97C.505, subdivision 4."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Bob Lessard, Charles A. Berg, Gary W. Laidig

House Conferees: (Signed) Bob Milbert, Thomas Bakk, Virgil J. Johnson

Mr. Lessard moved that the foregoing recommendations and Conference Committee Report on S.F. No. 621 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 621 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Hanson	Kelly	Laidig
Beckman	Cohen	Hottinger	Kiscaden	Langseth
Belanger	Day	Janezich	Kleis	Larson
Berg	Dille	Johnson, D.E.	Knutson	Lesewski
Berglin	Finn	Johnson, D.J.	Kramer	Lessard
Bertram	Flynn	Johnson, J.B.	Krentz	Limmer
Betzold	Frederickson	Johnston	Kroening	Marty

Merriam	Neuville	Pariseau	Runbeck	Stevens
Metzen	Novak	Piper	Sams	Stumpf
Moe, R.D.	Oliver	Pogemiller	Samuelson	Terwilliger
Mondale	Olson	Reichgott Junge	Scheevel	Vickerman
Morse	Ourada	Riveness	Solon	Wiener
Murphy	Pappas	Robertson	Spear	

Mr. Price voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MEMBERS EXCUSED

Messrs. Novak and Mondale were excused from the Session of today from 9:00 to 10:15 a.m. Mr. Johnson, D.J. was excused from the Session of today from 9:00 to 10:30 a.m. Ms. Reichgott Junge was excused from the Session of today from 9:00 to 10:00 a.m. and from 7:00 to 7:30 p.m. Ms. Pappas was excused from the Session of today from 10:00 to 11:00 a.m. Mr. Beckman was excused from the Session of today from 5:30 to 5:40 p.m. Mr. Murphy was excused from the Session of today from 5:45 to 6:45 p.m. and from 8:15 to 9:30 p.m. Ms. Robertson was excused from the Session of today from 7:30 to 7:45 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Tuesday, January 16, 1996. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate